Daily Report

Latin America

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Mexico

According to NOTIMEX, President Carlos Salinas de Gortari has, in an interview with EPOCA, "totally rejected the U.S. Supreme Court claim to extraterritorial jurisdiction" in the matter of Dr. Machain and said it was "essential to ratify and reaffirm the Mexican position on this...in the presence of U.S. President George Bush." His government has agreed to "review the extradition treaty with the United States," but he vowed to "speak out at multilateral forums to make evident the harmful effect" this resolution has on international law. Salinas reiterated his interest in improved relations with the U.S. but, he stated, "not at the cost of our principles and fundamental values." Commenting on his "clear, direct, and respectful" discussion with Bush on the Free Trade Agreement (TLC), Salinas said: "I am convinced that nothing can prevent the TLC from being signed" because of "intensive economic relations" with the U.S. and the "world trend to create free trade zones."

Colombia

In a speech to Congress carried by Santa Fe de Bogota TV, President Gaviria said "the terrible days of violence promoted by drug taffickers are behind us." Gaviria added "The truth is that we have come a long way since we began, but we also know that a long road still lies ahead." President Gaviria presented an agenda of "great, radical social change that will make Colombia a just and equitable society." In addition, the president said that the work of the next eight years "will be the guarantee of a just and equitable growth (of the nation)." Gaviria presented programs to reinforce the "decentralization process and to return decisionmaking to communities and regions." The president stressed that the result of the reorganization program "would be superior to all our expectations if this action were to be accompanied by peace."

Brazil

FOLHA DE SAO PAULO reports that a team of experts from the Federal Revenue Office completed a review of President Collor's declaration of assets. After comparing the declaration's review with information disseminated of the president's expenses, there were "strong indications" of "revenue omissions." According to a separate FOLHA DE SAO PAULO report, Congressional Invesitgating Committee coordinator Amir Lando "has already found the law that can be used to incriminate the president." The inclusion of Collor's name in the report would be the "first step in opening an impeachment process."

Ecuador

EFE reports that President-Elect Sixto Duran Ballen has completed the selection of his cabinet and has created two new ministries. To be inaugurated are: "entrepreneurs Roberto Dunn Barreiro, Mario Rivadeneira, Andres Barreiro, Mauricio Pinto, Pedro Lopez, and Eduardo Pena will occupy the Ministries of Government (Interior), Finance, Energy, Industries, Public Works, and Education, respectively." The ministries created are: "the Ministry of Information and Tourism headed by businessman Pedro Zambrano and the Ministry of Urban Development and Housing headed by businessman Francisco Albornoz." Other "important positions" were also filled.

Regional Parliaments Demand Democracy in Peru

PA2007171192 Madrid EFE in Spanish 2102 GMT 19 Jul 92

[Excerpts] Lima, 19 Jul (EFE)—During a meeting in Lima on 19 July, the leaders of four regional parliaments agreed to "protest before Latin American and democratic governments in the world" the current political situation in Peru under a "de facto" government.

The "Lima Declaration," signed by representatives of the Andean, Amazon, Central American, and Latin American parliaments was published in the Peruvian capital on 19 July. It demands "pressure from the international community" to ensure compliance with agreements for the prompt restoration of constitutional normalcy assumed by the "de facto government" before the OAS. [passage omitted]

The "declaration," issued after a special meeting in Lima, reaffirmed "faith and conviction" in the principles of a "democratic, pluralistic, and representative government," and demanded the return to constitutionality in Peru and "respect" for the legitimate institutional authorities.

The leaders of the four parliaments added they will maintain their "firm opposition to the de facto Peruvian Government," and protested "its lack of political willingness and determination" to advance toward democratic normalization.

They also "demanded" from the OAS the approval of "clear" resolutions with regard to the "Peruvian dictatorship's" electoral calendar, which in their opinion contributes to "prolonging the unconstitutional regime and prevents the prompt return to democracy." [passage omitted]

The "declaration" also demands a halt to "disqualifications and threats" against politicians and social leaders, as well as a call for a "formal, pluralistic, broad, and unconditional" dialogue.

The document asks the OAS to send a mission of foreign ministers to Peru within 30 days to "confirm compliance with real political advancements" to achieve constitutional normalcy and "full respect for human rights."

The parliamentarian leaders "demanded" from Alberto Fujimori's government "an immediate halt to the violation of individual and collective rights."

The Latin American parliaments condemned terrorism and violence, which they said contribute to increase "the Peruvian people's sufferings with their sequel of innocent victims and political uncertainty," and accused subversive groups of being the main violators of human rights."

Balaguer Will Not Attend Madrid Summit

FL1807010992 Havana Radio Rebelde Network in Spanish 2349 GMT 17 Jul 92

[Report by Geraldo Arreola on the "Exclusive" program]

[Text] According to Latin American diplomatic sources, President of the Dominican Republic Joaquin Balaguer will not attend the second Ibero-American Summit which will be held next week in Madrid. Balaguer, whose health is precarious, will be the second president missing from the meeting, following Venezuelan President Carlos Andres Perez, to whom the Venezuelan Congress has denied the necessary permission to travel. The seats of the Dominican Republic and Venezuela will remain empty at the Madrid summit because the level of representation of the meeting does not allow for any presence other than that of the head of state or government of each nation.

Balaguer, who is 85 years old and virtually blind, announced on 17 July his decision not to travel to Madrid after listening to medical advice in this regard, the sources said. Perez, who is 70 years old, is confronting a political, social, and economic crisis which erupted in February in a foiled coup d'etat whose repercussions are still being felt, according to observers. The Venezuelan leader, who is a social democrat, was also not able to travel to Rio de Janeiro in June to attend the Earth Summit, which was attended by heads of state and government from throughout the world. Perez cancelled his trip to Madrid on the morning of 16 July.

This afternoon, Spanish Foreign Minister Javier Solana expressed regret at the absence of the South American leader before the decision of the Dominican leader became known. The second Ibero-American Summit, which follows the first meeting of its kind held last year in the Mexican city of Guadalajara, will therefore host only 19 of the 21 countries invited.

Cuba

Magazine Special Edition Carries Castro Remarks

FL2007204792 Havana Radio Rebelde Network in Spanish 1700 GMT 20 Jul 92

[Text] Today, a special edition of CUBA INTERNACIONAL magazine began to circulate in Madrid. It includes statements by Commander in Chief Fidel Castro in honor of the 500th anniversary [of the discovery of America]. Felix Fernando Garrido has the details.

[Begin Garrido recording] The magazine, printed by PRENSA LATINA, is being prepared as an outgrowth of the second Ibero-American Summit that will be held in Madrid on 23 and 24 July.

In his comments, Fidel asked Spain for its decisive contribution to the transformation of the unjust international economic order that has subjugated Hispanic-American countries. He said that those countries that 500 years ago began to travel along the painful road, first of colonial oppression, and later of neocolonial looting, and today continue submerged in underdevelopment, have the right to demand much more. The Cuban president assessed Cuba's relations with the Spanish Government and the governments of the autonomous regions, in their true dimensions, and said that we are working to strengthen these ties.

Fidel pointed out in his message that Cuba is living through one of the most difficult periods in its entire history as the result of the U.S. embargo and the collapse of the former Soviet Union and other European countries with which Cuba maintained approximately 85 percent of its trade. The commander in chief added that in these dangerous times of international unipolarity and hegemonic attempts, Cuba represents the best example of what the determination of a nation, even though small, can do to defend, at any cost, its national independence.

In his statements to CUBA INTERNACIONAL's special edition, in honor of the Ibero-American Summit, Fidel claimed our right to choose the road to development on the basis of full social equity. [end recording]

Commentator Lauds Regional Integration Efforts

PA2007144292 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Jul 92

[Commentary by Roberto Morejon]

[Text] Cuba will appear at the second Ibero-American Summit in Madrid as a result of a sustained integration effort carried out with Latin America and the Caribbean, an objective stated at the previous summit meeting held in Guadalajara, Mexico, in 1991.

At that Ibero-American summit, Cuba announced its intention to favor any initiative to unite the countries of the area. In fact, it explained the facilities it would offer to Latin American businessmen to invest in that Caribbean nation.

Until now, those intentions were translated into the creation of commercial and productive organizations with different governments and businessmen. Also, the island offered support to create an organization dedicated to that activity. Cuba also participated dynamically in the Cartagena Agreement board and in the Latin American Integration Association, Aladi. At the same time it has participated in the struggle against drugs.

This year, Cuba has moved toward rapprochement with its Caribbean neighbors. The culmination was the participation of Vice Foreign Minister Ramon Sanchez Parodi in the 13th summit meeting of the heads of government of the Caribbean Common Market, the Caribbean's English-speaking community, in Trinidad and Tobago. As a result of the meeting, a commission was formed to study the possibility of strengthening ties with English-speaking Caribbean countries.

Since the Guadalajara summit, Cuba has sent assistance to other countries in the region in matters as sensitive as the struggle against cholera, natural disaster aid, and help for refugees. The most important step, however, was made by Cuba when it granted integration constitutional status. In fact, the Cuban parliament recently approved a law introducing integration to the Republic's Constitution, which has been in effect since 1976. Cuban legislators, aware that, historically, integration is necessary to preserve independence, incorporated an article to that effect in the country's so-called law of laws. Cuba reaffirmed its will to integrate and cooperate with the countries of Latin America and the Caribbean.

Econonomic Partnerships With Capitalists Viewed

FL2007124792 Havana Radio Progreso Network in Spanish 1100 GMT 20 Jul 92

[Commentary by Nestor Nunez]

[Text] To be a Marxist-Leninist, communist, or revolutionary is, in the first place, to have your feet firmly planted on the ground and to be able to determine, with the smallest margin for error, what each moment requires us to do. Today, foreign investment, joint ventures, and other economic formulas are being discussed a lot, and we are gradually adopting them. We immediately find that there are those who think that the country is being sold and that there is nothing that differentiates this time from the colonial era which we left behind us several decades ago.

It is a mistake to think this, because at no time has the country committed its vital interests, nor has it stopped controlling its wealth, by resorting to methods of capital partnership that are not necessary. We do not sell off vital industries, as many in Latin America do, nor are we committed to complete privatization. We would not even exchange foreign debt for national capital goods.

We form partnerships where we have majority control of the shares, and thus of the basic decisionmaking process, and we look for a mutual benefit which is acceptable to all parties without compromising our economic independence.

Anyone could say that doing all this is not intelligent, especially because we have lost almost all our supply sources and international economic advantages. But not doing so would mean losing precious opportunities, although it is clear that the country will not stop trying to overcome its problems, not with help from abroad, but using its own efforts, intelligence, and determination, without this implying that doors will be closed to any advantageous opportunities that may come up. So no one should worry about the agreements we make with capitalists in the economic sphere. The open secret is to be sovereign, and in this regard, I believe that today on the international level, there is no one who can teach us anything.

Havana Notes Crime Growth in Eastern Europe

FL1907230392 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 19 Jul 92

[Text] Drugs, prostitution, and illegal money exchange are crimes experiencing an unusual growth in the countries of eastern Europe. The streets of Sofia, the capital of Bulgaria, witnessed a police operation aimed at curbing these criminal activities. The operation resulted in the arrest of many men and women. However, these steps in Sofia do not seem to be enough. Observers believe that the root of these problems has to be found in the social deterioration which followed the decision to establish a market economy in this nation of the Balkans, a phenomenon which is being repeated in the rest of the formerly socialist countries of Europe.

Party Plenum Discusses Havana Sugar Harvest

FL2007142192 Havana Radio Rebelde Network in Spanish 1155 GMT 20 Jul 92

[Text] [Announcer] Here with me again is reporter Diosdado Maso. I am going to continue to talk with Maso about the topic we were talking about a few minutes ago. This has to do with the holding during the last few days of the plenary session of the Havana Province executive committee of the Communist Party of Cuba [PCC], which concerned the sugar industry.

[Maso] Yes, thank you, Joaquin. You know that they reached the conclusion that almost 100 percent of the sugarcane in Havana had to be refined. Because of other situations also concerning the raw material, which is the cane, it was agreed that measures must be taken. This plenary session was really very courageous. The comrades were very direct, not rhetorical at all, about how the problem could be solved, because this year more sugar must be produced even though there is less cane. It is certain that we must get more sugar from the cane, because as we already said when we were speaking a while ago, the cane comes in with a yield of 10 [not further specified] and then comes out with six or seven, and two or three whole points of yield are lost during the refining process.

[Announcer] Yes, you were saying that they discussed details, they went into detail about receiving information and even gave the names of the inefficient agroindustrial complexes, the refineries that were not fulfilling their plans. They were very rigorous in that respect.

[Maso] Yes, you know that they talked about...[rephrases] The complexes that had the most negative results, that were the least efficient, that have to solve all kinds of problems, include the Manuel Martinez Prieto Refinery—which we spoke about here a few days ago, and the poor quality of the sugar it produces—and also the Abraham Lincoln and Nodarse Refineries. These three refineries had very negative results during this sugar harvest, and their workers and managers have pledged to solve the problem by the next harvest, which is going to be more difficult than this one. They will have fewer resources, fewer combines, and perhaps less fuel, and they will have to carry out a better harvest than the one that has just ended, because this is what they pledged at this plenary session.

[Announcer] I think that each refinery must adjust to the specific situation of its area, but what is the general strategy for Havana Province, from what was observed at the plenary session yesterday?

[Maso] Well, the strategy obviously must be to raise efficiency by also increasing the oversight, the monitoring, of each worker at the refineries, trying to get each one to do what he should do when he should do it. For this, although the country's sugar workers in general are dedicated, there are some who are not. The proof of this is that there are refineries, in Havana for example, that with the same conditions and problems as the Martinez Prieto, Abraham Lincoln, and Nodarse Refineries, not only were able to fulfill their plans, their commitments to the economy, but also produced a little more. That has also happened throughout the country.

Another topic that was discussed—before our time runs out—was the view that each Havana resident's needs must be met. I am referring to services and also governmental paperwork. You know that sometimes you have to do the paperwork for an identity card, or a housing permit, or for the police. Well, there was an important agreement at this plenary session to bring the place for all this paperwork to each district and each community.

[Announcer] Excellent.

[Maso] There are transportation problems, and the way to help is by bringing the place for that paperwork to the town, district, or community where each Havana resident lives. In this regard, Victorino Lemus, the first PCC secretary for Havana Province, spoke about how Havana is solving these problems during the special period, especially concerning carrying out a better sugar harvest, because it is our primary hard currency earner—and no

one can doubt that—and in addition, speeding up and bringing the problem-solving process closer to the Havana Province residents. Let us listen to this excerpt of some of Victorino Lemus's remarks.

[Begin Lemus recording] Today more than ever, we have to explain everything, every measure that is being taken, with arguments, factors, so that our people will understand each of the problems we have. We at least have to explain them well. Today more than ever, political work has become more important in the direct link with our people, at the workers' assemblies, at the neighborhood level. So today more than ever, political work is very important. We now have to take all the measures that may be needed to avoid greater difficulties. What do I mean by this? I said it the other day to the top provincial cadres. We know that if there is no detergent, it is because there were no raw materials, or the factory had problems because the raw materials did not arrive on time. But what cannot happen is that the detergent is at a warehouse and has not been distributed. That is unpardonable. [end recording]

[Maso] Well, that was the tone, that was how this sixth plenary session of the Havana Province PCC committee was held, which as we said a short while ago focused all its attention on solving residents' problems and on carrying out a sugar harvest that will meet the requirements of the nation's economy.

Haitian Refugee Repatriation Program Restarts

FL2107015592 Havana Radio Rebelde Network in Spanish 2300 GMT 20 Jul 92

[Text] The second massive repatriation of Haitian refugees in less than four months began from Guantanamo's Mariana Grajales Airport to Port-Au-Prince, Haiti. Today, two Il-18 Aerocaribe flights departed Guantanamo with approximately 200 men, women, and children who had received free humanitarian aid in the refugee camps erected in Maisi.

The repatriation operation of Haitian citizens is the result of the accords reached between the Red Cross of Cuba and of Haiti, with the help of the UN High Commissioner for Refugees. The repatriation operation of nearly 850 Haitians will be carried out this week through a work schedule consisting of two flights a day until Thursday, and one final flight between Guantanamo and Port-au-Prince on Friday. The Haitian emigrants sheltered in Maisi reached Cuba's coasts in recent months in an attempt to escape the repression and hunger reigning in Haiti, one of the poorest countries in the world.

Haiti

Aristide, Bazin To Meet in Dominican Republic

FL2007182092 Port-au-Prince Radio Nationale in Creole 1300 GMT 20 Jul 92

[Excerpts] According to observers, the Santo Domingo negotiations will include only Balaguer, Prime Minister Bazin, and Aristide and will begin on 22 July. After he had made an exhibition of himself for 15 days through contradictory statements about the dialogue between himself and Prime Minister Bazin requested by the White House and the State Department, Aristide has resigned himself to negotiate with Bazin, the legal prime minister of our country and—as planned by the leaders of North American diplomacy—in the Dominican Republic.

In fact, according to information we received on 18 and 19 July, Aristide talked at the Haitian Embassy in Washington with one of the most influential and most experienced personages of U.S. diplomacy. Lawrence Eagleburger, the U.S. deputy secretary of state, was in charge of presenting (?to Aristide) the ultimatum of the U.S. Government: to negotiate with Haitian Prime Minister Marc Louis Bazin in Santo Domingo; otherwise, the U.S. Government will (?take another attitude). Aristide promptly accepted all the conditions imposed by the State Department. These conditions include holding strictly private conversations, that is, only in the presence of His Excellency President Joaquin Balaguer, who will serve as mediator, moderator, and arbiter.

It is not a question—as alleged by the great daily LISTIN DIARIO, 15 days ago—of collaboration of the United States, Venezuela, and Canada with OAS and UN representatives as moderators. These negotiations will take place at the presidential palace in Santo Domingo between the ousted president and the head of the current Haitian Government. We think that at least one interpreter will also be present for Prime Minister Bazin, who does not know Spanish, but not for Aristide who speaks Spanish very well as a result of his stay some years ago in a Salesian monastery in Veca. Some observers think Foreign Minister Francois Benoit will serve as Bazin's interpreter. So, under an agreement among Balaguer, Bazin, and Washington, Aristide's plan—conceived in Miami when he met with 45 of his partisans in the United States and in Haiti—for a committee under Father Antoine Adrien has failed miserably, the more so because negotiations should take place in Haiti. Many people think this would not guarantee the safety of any of the participants, especially Aristide. [passage omitted]

According to information from unofficial sources, these tripartite negotiations will begin this week if Aristide does not change his mind, if he does not back away from the firm promise to go to the Dominican Republic this week.

Prime Minister Requested To Appear in Parliament

FL2007182592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 20 Jul 92

[Excerpt] [passage omitted] As we told you at the beginning, five deputies have written to the president of the lower chamber to ask him to invite the prime minister to the parliament for explanations of the incident at the School of Medicine on 15 July. These five deputies are: Ancelot Vernort, Jude Marie-Jacinthe Jean-Baptiste,

Samuel Madistin, Mirold Edmond, and Evans Picault. According to the deputies' letter, the prime minister's meeting with the assembly of the Chamber of Deputies should take place on 23 July.

Deputy Writes to Cedras on Violence, Repression

FL2007190592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 20 Jul 92

[Text] Mirebalais Deputy Joseph Fignole Jean-Louis has written to the commander in chief of the Haitian Armed Forces, General Raoul Cedras, to draw his attention to a chain of violence and repression prevailing in the area recently. The deputy has asked for a special inquiry into those cases of repression, which, he says, people in Mirebalais are undergoing every day. They are beaten, arrested, and they even lose their gardens and pigs.

According to the deputy, those people, who are in trouble, have come to Port-au-Prince to lodge complaints with him or, at least, to bring him the list of people who have been arrested or have experienced repression. Deputy Jean-Louis pointed out the case of Fresnel Regis, president of the Saut D'Eau Communal Electoral Bureau, during the 16 December elections. The latter has been imprisoned for several months and has never been referred to a justice. In addition, he is ill.

In his letter to Gen. Cedras, Deputy Jean-Louis directly accuses the commander of the Mirebalais subdistrict, Lieutenant Jolicoeur Placide.

Jamaica

Labor Party 49th Annual Conference Held

Members Receive Death Threats

FL1807002992 Bridgetown CANA in English 2319 GMT 17 Jul 92

[Text] Kingston, Jamaica, July 17, CANA—On the eve of possibly its most crucial delegates conference ever, the opposition Jamaica Labour Party [JLP] is being embarrassed by alleged death threats against two of its leading dissidents—Douglas Vaz and Errol Anderson.

Only this week the party leadership suggested that it would step down if members of the so-called Gang of Five contested elections for top posts on the party executive.

As expected, the threats against Vaz and Anderson and their families are seen as being directly linked to the furor surrounding the party's annual conference opening Saturday [18 July]. Anderson, who says he has received bomb threats, met Friday with the national security minister to express concern about his safety, even as the JLP formally expressed its concern about the incidents and called for police protection for both men. Vaz claimed that gunmen came to the compound where he lived Monday night and fled only after security guards raised an alarm.

Ryan Peralto, the party general secretary, dramatically announced earlier this week that he and others, and possibly party leader Edward Seaga himself, would step down if former government ministers Pearnel Charles and Edmund Bartlett, who have been nominated to contest positions as deputy leaders of the party, are elected on Saturday. For their part, Bartlett and Charles say they have been delegated to contest the executive positions by their supporters.

Charles, Bartlett, Vaz, and Anderson, members of Parliament and central to Seaga's cabinets in the 1980's, are all members of the "Gang of Five" which fell out of favour with the JLP hierachy two years ago. They had publicly questioned the "autocratic" leadership style of the party while Seaga and others in the JLP hierachy accused them of leaking confidential information to the press. The fifth member of the "Gang," Karl Samuda, left the JLP last year and is now a member of the ruling Peoples National Party. Last year, the remaining four were publicly rehabilitated at the party conference, but Seaga maintained then that they were being placed on probation.

Vaz has told the police here that on Monday, armed men went to the housing complex where he lives with his sons and mother, and attempted to find him after holding up a guard. The men fled after an alarm was raised. Anderson has since reported bomb threats against himself and his family. On Friday, Anderson met with National Security Minister Errol Anderson and the police high command. An obscure release issued through the official news agency Jampress said, "Certain measures are to be put in place," in response to Anderson's complaint.

Meanwhile, the JLP, through its Chairman Bruce Golding, has called on the police to do its utmost to ensure that Anderson, Vaz, and their families are adequately protected. But Golding also warned against those whom he said wanted to make mischief.

Seaga Launches 'Scathing Attack'

FL2007221492 Bridgetown CANA in English 2132 GMT 20 Jul 92

[Text] Kingston, Jamaica, July 20, CANA—Parliamentary opposition leader Edward Seaga launched a scathing attack on the P.J. Patterson administration and called for its resignation as the 49th annual conference of the Jamaica Labour Party ended Sunday [19 July]. Seaga told thousands of his supporters at the public session of the two-day conference that the People's National Party (PNP), which has been running the country since 1989, had been a complete failure.

He said the best the PNP could now do was to "resign" and "give us back Jamaica, the way we gave it to you

when we were in power." He identified soaring inflation, unemployment, the handling of the privatisation programme, and what he said was its "weakness," when faced with foreign agencies and governments, as evidence of the administration's incompetence.

Seaga's attack came as he sought to replace the government's performance and his party's quest for political power on the national and political agenda following ugly and violent incidents that tarnished his party's image. On Saturday, three newsmen were injured and another roughed up, and JLP delegates supporting party dissidents, Pearnel Charles and Douglas Vaz, allegedly beaten and prevented from voting in an election to choose four party deputy leaders, by party workers functioning as "security men."

Saturday's incidents culminated several days of controversy. It followed an announcement by party general secretary Ryan Peralto last Tuesday that he, other party leaders, and possibly Seaga himself, would step down if Charles and Edmund Bartlett were selected by delegates as deputy leaders. Bartlett, Charles, and Vaz are part of the so called "Gang of Five," all parliamentarians which fell out of favour with the JLP hierachy more than two years ago for questioning Seaga's leadership style. The others are Errol Anderson and Carl Samuda. The latter left the JLP last year and has joined the ruling PNP.

Bartlett appeared to bow to party pressure last Friday and pulled out of a race for one of the deputy leadership positions in the party. He was the only member of the "Gang of Five" at Sunday's public session of the conference seated in the front row, three seats to Seaga's right.

But Charles persisted in his attempt to join the JLP executive before sending away most of his delegates Saturday, following violent incidents allegedly against his supporters. Charles has since accused the party of intimidation and massive fraud in its internal selection process. Vaz who made a vain late bid to replace Bartlett as a candidate for deputy leader, has also accused party workers of intimidating his supporters and preventing authorised delegates from voting in Saturday's elections. Seaga accused the government of being "bankrupt" of ideas and leadership.

"Not one new major project has come out off the ground since government took office three and a half years ago," he charged. He said a rice-growing project undertaken by Comet Rice, Inc. in St. Catherine was the only one that could be said to have been started under the current government, and that was currently in trouble. A petition has been filed by the Texan owners of Comet Rice to the United States trade authorities demanding trade penalties against Jamaica for unfair trade penalties. He called for a ministry paper to be laid explaining the problems surrounding the rice project. Regarding the petition brought against the Jamaican Government, Seaga urged Patterson to "tell the prime minister to go to hell." He described the government as "weak and ineffective" which would "bow and kow-tow to everybody," particularly foreigners.

Seaga said inflation, which reached 107 percent for the last financial year, and "increasing" unemployment showed the PNP was incapable of managing the economy. On the privatisation issue, he accused the government of being too anxious to "sell out" Jamaica. He said government should make sure that state companies such as Petrojam and Caribbean Steel could not play a major role in government's economic development programme before selling them to foreign interests. He also objected to what he said were plans for the international airports, the Port of Kingston, and the power and water companies were likely to go on the market [as received] .

"There are some things that are not for sale, and Jamaica is not for sale. Sell the hotels, sell the factories, sell the land as long as the deal is proper and alright, but don't sell the things that are a part of our national interests," he said. He made proposals for the utilization of 'idle' factory space, 'idle' hotel rooms which he said could provide additional employment for 30,000 jobs.

Seaga apologised to the media for attacks against them Saturday, journalists for what he said was 'biased' and 'prejudiced' coverage of issues surrounding the JLP. He said Saturday's incidents would be investigated and would never happen again.

Salinas on Relations With United States

PA2007215492 Mexico City NOTIMEX in Spanish 1629 GMT 20 Jul 92

[Text] Mexico City, 20 Jul (NOTIMEX)—Mexican President Carlos Salinas de Gortari has stated that Mexico will defend its sovereignty and that this position will not vary as a result of the negotiations on the Free Trade Agreement, which, he adds, will be signed because it is "inevitable." With regard to the Dr. Humberto Alvarez Machain case, the Mexican president totally rejected the U.S. Supreme Court claim to extraterritorial jurisdiction. This was stated during an exclusive interview with the Mexican weekly EPOCA.

Salinas said that he decided that it is essential to ratify and reaffirm the Mexican position on this in the United States and in the presence of U.S. President George Bush.

Referring to the case of the Mexican doctor who was kidnapped in 1990 in Guadalajara and then transferred to the United States on charges of participating in the killing of a U.S. anti-narcotics agent, President Salinas said: The U.S. "resolution is not valid and not acceptable in Mexico and goes against international law." On 15 June, the U.S. Supreme Court authorized the U.S. Government to kidnap alleged criminals abroad to put them on trial in the United States. The Court denied the repatriation of Alvarez Machain.

With regard to his 14 July meeting in San Diego with Bush, Salinas de Gortari said that friendship is important but it is no substitute for a "clear defense of fundamental principles and values."

He added: "It is useful to have respectful and cordial relations. This facilitates communication, but the type of personal relations that may exist does not matter when what is at stake is the interests of one's country. These interests are always primary and are always defended. This is how I see it."

Salinas said that Bush's public position was to commit himself to abstaining from carrying out this kind of action. When somebody commented: "Yes, but things have remained as they were: Alvarez Machain will not be returned," Salinas stated: "That is not an accurate reading of what has really happened."

Salinas recalled that his government acted firmly to review with the U.S. Government the new rules for cooperation in the struggle against drug trafficking. He also said that his government has agreed to review the extradition treaty with the United States. He recalled that he personally promoted a bill to declare anyone a traitor who collaborates in the kidnaping of a fellow citizen.

He added: "In addition to this we have declared that we will speak out at multilateral forums to make evident the harmful effect that this U.S. Supreme Court resolution has on international law."

Salinas de Gortari said that in his opinion it is of fundamental importance to inform the U.S. President of the Mexican rejection of a resolution issued by a U.S. Government branch, in this case the Judicial Branch. He stated: "We are interested in improved relations with the United States but not at the cost of our principles and fundamental values, or at the cost of history."

On whether the TLC [Free Trade Agreement] stands in the way of establishing the principles and the morality of Mexico's foreign policy, Salinas said: "A negotiation or any other instrument cannot take the place of the permanent ratification of our principles. This will continue to be our stand."

Salinas said he discussed with Bush the problem of violence against and violation of the human and labor rights of Mexican workers. Salinas said he told the U.S. President his concern over the violation of these rights and that the Mexican Government is responsible for the good treatment of Mexicans who emigrate to the United States. He said his government will defend those rights.

Salinas pointed out that Mexicans emigrate because the U.S. economy requires Mexican labor. It is a fact that this demand exists, he said. "This fact must first be recognized, then put in the right perspective, and finally, every effort made so law can prevail." The Mexican president ruled out an agreement with the United States on labor emigration. Salinas favors talking over this movement of people.

Salinas said his discussion of the TLC with Bush was clear, direct, and respectful and that the two of them specified their respective stands to advance in the negotiations for a commercial agreement.

Regarding an allusion to the negotiators' patriotism, Salinas said it occurred because he was negotiating with the world's biggest power, "which also happens to be our geographical neighbor, with which we have had heartrending historic experiences." He commented that, because of this, it is important to understand that "we are negotiating the exchange of goods and services, although the Mexican people have a historic outlook." For this reason, an effort is being made so the TLC can benefit Mexico.

Salinas affirmed that Mexico will keep ownership and control of crude oil and that the remaining TLC subjects will be discussed in the final ministerial meeting to be held soon in Mexico City.

On the possibility of not signing the TLC, Salinas said: "I am convinced that nothing can prevent the TLC from being signed." He said this is due to the intensive economic relations with the United States. The TLC would represent the culmination of these negotiations. In addition, the world trend is to create free trade zones.

He said the TLC is just another instrument to attain economic achievements for the country and that the

agreement will make possible more rapid growth. He added that efforts are being made to conclude the TLC.

Salinas also commented on the 12 July elections in Michoacan and said that his visit to this state is part of his working visits throughout the country because, he said, "I govern for all of my fellow countrymen."

He said that the the ruling Institutional Revolutionary Party [PRI] reorganized its leadership and streamlined its campaigns and the profile of its candidates to attract the Michoacan voters. "The people of Michoacan want peace and progress. This was precisely the PRI candidate's political pledge. It can be seen from the election results that such a pledge appealed to the majority of the people," he added.

Asked about the opinion that the victory was won by the president rather than by the Institutional Revolutionary Party (PRI), Salinas de Gortari said: "The party is the competitor in the elections; I govern for and provide benefits to all my compatriots."

Similarly, the president said that in Chihuahua, where Francisco Barrio Terrazas, candidate for the opposition National Action Party (PAN), won the elections, the electorate chose the candidate it liked best. Salinas de Gortari reaffirmed that his administration will support the efforts of the new government. Salinas de Gortari said that the citizens will decide whether the PRI has entered an irreversible phase of give and take, win and lose.

He also referred to five basic areas of reform within the PRI. He noted that the party has its own finance sources and "will have to strengthen them in a process in which the citizenry demands full clarity about the origin and channeling of resources."

On the 1994 presidential elections and the profile of the PRI candidate, the president said that at present "all our energy is concentrated on consolidating our ongoing process of reform." "It is a very broad process of reform in the economy, social relations, politics, and international relations. When such a broad process of reform is underway, energy must be channeled toward consolidating it. That is what we are concentrating on," Salinas de Gortari said.

The president highlighted the benefits of the "Solidarity" program to support low-income people. He said it benefits the nation, because its basic objective is social justice.

With regard to social inequality, the president said economic recovery alone does not bring greater equality; recovery must come in parallel with more permanent jobs, better pay, and improved quality of the education system. He said "Solidarity" seeks to support this.

Salinas de Gortari said it is the duty of the new generation of businessmen to protect savings depositors and improve services.

The president also said that during the rest of his term, he will seek to consolidate reforms in the economy, the state, and education; an opening up of the economy; and processes to promote free trade and integration with other regions of the world.

Another interest expressed by the president is to consolidate the amendment on freedoms, the amendment against impunity and in favor of human rights, and the amendment for protection of the environment. He said he will also consolidate the foreign relations strategy.

El Salvador

FMLN Denies Minister's Charges of Noncompliance

PA1707123092 San Salvador Canal Seis Television in Spanish 0200 GMT 16 Jul 92

[Text] The Farabundo Marti National Liberation Front [FMLN] on 15 July denied charges raised by the defense minister to the effect that the rebels are not complying with the peace agreements.

Commander Francisco Jovel rejected charges made on 14 July by the defense minister, who said the FMLN is not complying with the peace agreements because it is keeping armed fighters outside the designated areas. Jovel explained to the Security Commission the presence of individuals in the former conflict areas.

[Begin Jovel recording] The agreements call for creating a special public security system. The problem is that this system has not yet been defined. Public security problems persist in the former conflict area. Problems persist within the communities of disarmed fighters. When it is necessary to counter criminal activity, the comrade fighters take action. [end recording]

Commander Jovel attended the meeting of National Commission for the Consolidation of Peace [Copaz], which analyzed the problems experienced by mayors in northern La Union Department. Copaz decided to extend the term of a subcommission that seeks a rapprochement between mayors and organized groups in the area.

[Begin Jovel recording] The organization in charge of the rapprochement of the parties in conflict—in this case the communities and the mayors—is the UN Observers for El Salvador [ONUSAL]. What Copaz could do is to help ONUSAL carry out its mission. The commission should be given an additional 15 days to speak with ONUSAL and the parties involved and have them report to Copaz so a final decision can be made. [end recording]

There are 39 mayors' offices involved. Copaz has to solve problems in the Anamoros, Nueva Esparta, Poloros, El Sauce, and Lislique areas.

Copaz' pending agenda includes those topics that refer to measures to protect disabled veterans of the FMLN and the Armed Forces, to its own internal reorganization, and to the inventory of the commission's agreements.

Leader Denies Peace Obstructed

PA2007172692 San Salvador EL MUNDO in Spanish 17 Jul 92 p 28

[Text] The FMLN [Farabundo Marti National Liberation Front] has denied it is obstructing the implementation of the peace accords as stated by General Rene Emilio Ponce, adding that the security corps issue is being handled at a high level.

Roberto Roca, a member of the rebel front's directorate, said they are complying with their part of the peace accords.

Referring to what the FMLN calls security corps, Roca reported the issue is being handled directly between the FMLN and the government to find an adequate solution as soon as possible.

"It is deplorable the minister of defense has brought up the topic because it is being discussed, and his statements may obstruct these talks," Roca said.

The FMLN leader said the public security problem is due to tension mostly in the east. He mentioned as an example the mayors' case and National Police activities in certain areas.

Roca asserted the FMLN is not turning a "blind eye" to the situation, adding the action is justified given the lack of guarantees in the former conflict zones.

Commenting on statements made by Iqbal Riza, former chief of the UN Observers for El Salvador (ONUSAL), who said there is a possibility the organization will be pulled out given the parties' constant complaints about the failure to implement the agreements, the guerrilla leader said he does not agree with that position.

"There is no reason for ONUSAL to pull out. In fact, their role is to help find a solution to the whole situation. I do not think it possible that they will pull out." Roca said.

Government Begins Dissolving Elite Battalions

PA1807152592 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 18 Jul 92

[Text] The Salvadoran Army has initiated the process by which its elite battalions will be demobilized in compliance with the peace agreements signed by the government and the guerrillas in January.

The military has appointed a special commission that will perform an inventory of the infrastructure and weapons of the Bracamonte Battalion, the first of five Rapid Deployment Infantry Battalions [BIRI] organized in the 1980's by the Armed Forces to carry out the struggle against the guerrillas.

The BIRI's to be dissolved after the Bracamonte Battalion, which has its headquarters in Comalapa, next to El Salvador International Airport, are: Atonal, Atlacatl, Arce, and Belloso. These battalions were trained by U.S. advisers and were feared by the guerrillas because of their ferocity.

According to Bracamonte Battalion Commander Colonel Mauricio Duke, the process that has been initiated to dissolve his unit will conclude on 14 August.

The government and the Farabundo Marti National Liberation Front [FMLN] ended almost 12 years of war on 16 January with the signing of an agreement that calls

for the demobilization of the guerrillas and of the elite battalions and for the democratization of the country's institutions. This process is to conclude on 31 October.

Twenty percent of the FMLN force, 1661 fighters, were demobilized on 30 June. By 31 October, in similar stages, all the guerrilla fighters should have returned to civilian life.

Col. Duke said that a special commission composed of Armed Forces personnel and the UN Observers for El Salvador will verify the Bracamonte Battalion's inventory until 13 August.

On 14 August a public ceremony will be held to demobilize this 600-man battalion. Some of the men will be mustered out and others will join other Armed Forces units.

The Public Security Academy that will train the future National Civilian Police [PNC] will take over the installations that now serve as Bracamonte Battalion headquarters.

The Salvadoran PNC is also a product of the peace agreements. It is scheduled to assume responsibility for public order in the country within two years.

Poll Shows ARENA Likely To Win Election

PA2007184992 San Salvador Radio Cadena YSKL in Spanish 1200 GMT 20 Jul 92

[Text] According to a recent poll carried out by the Institute of Public Opinion of the Central American University [UCA], the Nationalist Republican Alliance [ARENA], the Christian Democratic Party [PDC], and the Farabundo Marti National Liberation Front [FMLN] are considered as the major political forces most likely to emerge as winners in the 1994 elections.

According to the poll, which was carried out 3 May-13 June, 22.8 percent of the 1,415 persons interviewed indicated they would vote for ARENA if the elections were held today.

The poll also indicated that the FMLN, which is currently going through the process of transformation into a political party, would receive the vote of one out of every 10 Salvadorans. The poll also suggested that the same voter trend would take place with respect to the PDC.

On which party is best qualified to govern El Salvador, 23.9 percent of those polled chose ARENA and 9.5 percent chose the FMLN. On the other hand, 29.3 percent abstained from choosing and another 20.8 percent stated that neither party was better qualified to govern the country.

Honduras

Callejas Confirms Dismissals; Previews Summit

PA2007192492 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 20 Jul 92

[Report by Julio Armando Valdez]

[Excerpt] President Rafael Leonardo Callejas has confirmed the dismissal of several government officials, including his cousin, Roberto Antonio Callejas, who is the Honduran consul in Miami. The president also talked about his trip to Madrid, Spain, on 21 July to attend the second Ibero-American summit following his return from Panama, where he carried out a two-day visit. First he referred to the trip:

[Begin Callejas recording] Spain will host the second Ibero-American summit. We will continue from the concepts estabished in Guadalajara and prepare Spanish-American programs. Some of the programs will deal with education issues, adult education programs at the regional level, and the implementation of an education system via satellite called [name indistinct]. The Madrid summit is basically a continuation of the first summit, held in Guadalajara, and its essential goal is to establish greater rapprochement between Latin American countries and Spain and Portugal to achieve short- and medium-term goals in the economic, political, and social sectors. [end recording]

[Valdez] Is he concerned about the fact that many of his officials are leaving the Monarca [Rafael Leonardo Callejas National Recovery Movement] to join the Oswaldista Movement?

[Begin Callejas recording] Neither one thing nor the other. Some of my close collaborators support Nora de Melgar and others support Dr. Oswaldo Ramos Soto. My main concern, as head of government, is that their sympathies for any given person should not result in disputes among officials in my government. There should be no fighting among my government officials because they work with me, not for Mrs. Melgar or Mr. Ramos Soto. I appointed them to be loyal to the president and I will adopt pertinent measures to ensure that this does not occur.

A specific communique was issued by the government stating that whoever wishes to participate in politics and seek electoral posts, or seek a specific public post, must request leave. This has already happened with some officials; for example, Communications Minister Mauro Membreno, Central Bank President Ricardo Maduro, and Public Health Minister Cesar Castellanos. In other words, they are aware there is a conflict of interests because they serve the government and the president, and they also have political ambitions. The two points do not coincide at a given moment in time and, consequently, I issued a resolution early in August stating that whoever runs for a public office must leave his post. If he does not leave his post he will be removed. We have

decided to dismiss any official who fails to notify me of his political actions and decisions concerning the National Party of Honduras policy. [end recording]

[Valdez] Roberto Antonio Callejas and Roberto Ramon Castillo are the president's cousins. We asked him if they were dismissed.

[Begin Callejas recording] Not all of my cousins work with me. Only one of them, the consul in Miami. A resolution has been signed, meaning he will have to leave his post effective 1 August, just like the Pani [National Children's Foundation]. The Pani director told me he would request a permit from the Pani directorate board but he did not.

No other officials have notified me of their decision. This represents an action that is not consistent with government policy. No one is forbidden to support Dr. Ramos Soto or Mrs. Melgar but, if they are high-ranking public officials, they must leave their posts and notify me—rather than doing things behind my back. I will not allow that kind of conduct from any official. This has nothing to do with supporting Oswaldo Ramos Soto or Mrs. Nora de Melgar. They have every right. However, I will not allow the adoption of decisions, the holding of news conferences, attacks on officials in my government—regardless of their position—or the failure to notify me when they adopt decisions. I am their boss and the president, and I have appointed them so they can notify me of their attitude and actions. I will enforce the same rule against whoever fails to fulfill his duty in this concern. They must notify me about their position, whether they support Mrs. Melgar or Mr. Ramos Soto. They must notify me of their position and they must report their plans in this regard. [end recording] [passage omitted]

Callejas on Court Ruling, El Salvador Ties

PA2007205092 San Pedro Sula LA PRENSA in Spanish 20 Jul 92 p 3

[Text] President Rafael Leonardo Callejas said on 19 July that Honduras and El Salvador will abide, in good faith, by the unappealable International Court of Justice ruling on the border dispute which will be issued in September. The president is sure military conflict will not arise between the two nations as it did in 1969.

He said this sad and deplorable incident and other situations in the region have deteriorated living conditions in Central America and its economic, social, and political outlook. Central America began to recover and harbor hopes in the 1980s, he explained. Peace now prevails and countries in the area have opted for a democratic, economic, and social quest for peace, he concluded.

General Discua Denies Rifts Within Army

PA2107001692 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 20 Jul 92

[Report on interview with Divison General Luis Alonso Discua Elvir by Julio Armando Valdez during the ceremony marking the 23d anniversary of the cease-fire ordered by the OAS during the Honduran-Salvadoran armed conflict in 1969]

[Text] Division General Luis Alonso Discua Elvir, chief of the Honduran Armed Forces, says there are no rifts within the Honduran Armed Forces command. The Armed Forces commander said disobedience, insubordination, and infidelity are punished with imprisonment rather than purges.

General Discua Elvir announced that the Armed Forces are providing security for union leaders and social groups who could be in jeopardy.

Regarding the death of the National Enterprise for Electric Power union leader in San Pedro Sula, Discua said:

[Begin recording] [Discua] It is worrisome to see that such cases involving social groups—the labor unions in this case—still exist, because those things should not be happening any longer.

Any differences they might have should be solved through dialogue and understanding, not through violence. I think that is the best way.

[Valdez] These incidents could prompt a wave of violence. What will the public security forces do about it?

[Discua] I do not think that will happen. We are trying to provide more security. We are indirectly protecting union leaders of social groups that could be in jeopardy. We will do everything we can to prevent such incidents.

[Valdez] The Department of National Investigation has been accused of planting cocaine on persons whom they want to charge with drug possession.

[Discua] What can you expect of a criminal? I believe it was a criminal who said that. Any criminal would say something like that to try to take advantage of the media's good faith.

[Valdez] According to statements made by Magistrate Oscar Melara Murillo, the military had something to do with Ramos Soto's dismissal from the Supreme Court of Justice. The magistrate said Ramos Soto had filed the charges in the case of Ricci Mabel Diaz. What do you have to say about that?

[Discua] I have no comment, but that is not true. If there is no evidence to support such statements, then they are harmful not to the Armed Forces, but to the seriousness and the decency of the Supreme Court.

As a magistrate of the Supreme Court, Melara Murillo has my respect, but I do not think such statements will help his political future.

[Valdez] You have said there will only be two armies in Central America; one in Honduras and another in Panama.

[Discua] I believe that topic has already been discussed, and I do not care to comment on it.

[Valdez] Why?

[Discua] Simply because it was already discussed. That is something you can figure out for yourselves.

[Valdez] Is the U.S. State Department endorsing this initiative for only two armies in Central America?

[Discua] It is a strategy planned through international organizations. The strategy is not to eliminate the army, but for each country to have an army in accordance with its economy, and that is what we have. The proportion of the Army with the country's gross national product is in accordance with what the international organizations have outlined. [end recording]

The military chief said the reforms planned for the Army will be implemented.

[Begin recording] [Discua] I was surprised by a headline irresponsibly printed on the first page of the 19 July edition of LA PRENSA. I would like them to show me the recording or to introduce me to the reporter that claims I gave him that interview. I do not know what LA PRENSA intends to gain with the headline that reads: Hillbilly Colonels. When I speak to my men, I treat them all the same.

I know there are officers who come from academies and others who have made their careers in their military units, but I have never used that expression. I never said what the headline claims I said. They wrote Discua Elvir under it. I believe it was very irresponsible of that newspaper.

[Valdez] You have held meetings with Army officers to find ways to introduce the reforms to the Army?

[Discua] That is just what I am saying. I do not think we should speculate.

I usually hold meetings with the officers, and I do not have to explain myself because that is part of the direct command I have over the Armed Forces. I can gather all the officers. I have a duty, and the Constitution grants me the power to meet any day, any time, and in any place with the officers.

[Valdez] Could you tell us specifically what these Army reforms are?

[Discua] We are working on some reforms. Normally, I notify the officers of events, of the national situation, and what the Armed Forces' position is regarding the national situation, such as the situation of violence, investments by the Military Social Security Institute, and the upcoming elections for commander in chief. In other words, I analyze problems with them. I am very clear in my explanations, and I do not discuss anything that is outside the scope of the Armed Forces.

[Valdez] You maintain your theory that the president of the Republic should elect the chief of the Armed Forces because that person works closely with the president, and therefore the president should decide who will hold the position.

[Discua] Yes, I have been very clear about that. I think the commander in chief is the president's closest coworker, because the president is the commander general of the Armed Forces. Therefore, I think the president should decide who should hold the position.

[Valdez] How about the colonels' promotions? According to the list that was released, some promotions have been postponed.

[Discua] We are presenting the National Congress with a list of colonels, lieutenant colonels, and mayors. In other words, we are proposing these names to the National Congress for its approval. The promotions will be announced the week of 26 July.

[Valdez] Concerning the change of the Armed Forces chief, many officers are aspiring to that post. How will it be handled if the reforms speak about a change of the Armed Forces chief?

[Discua] In the first place, there are no breaks in discipline within the Armed Forces. At this time I would like to be very clear about this and state that the organizational law and the Armed Forces specify the requirements for being commander in chief. He must be a Honduran citizen, a colonel or general, and he must meet all other requirements. Therefore, all the colonels and generals hope to occupy the post.

[Valdez] Do you hope to be reelected Armed Forces chief?

[Discua] I was asked that question in San Pedro Sula and my answer was distorted. I clearly said: I have not thought about it. Nonetheless, everytime the reporters ask me about it, they remind me of that.

[Valdez] Then we want to ask you if you still think about it.

[Discua] I am thinking about it, but you have just reminded me. But I am not losing any sleep over it, nor am I neglecting my duties and tasks within the Armed Forces. [end recording]

When asked if he was included in the group of rebels, he answered:

[Begin recording] [Discua] Rebels in the Armed Forces are guilty of insubordination, and anyone who is insubordinate is punished according to the Military Code and sent to jail. [end recording]

Nicaragua

Riot Police, Demonstrators Clash in Managua

PA2107003692 Paris AFP in Spanish 2353 GMT 20 Jul 92

[Text] Managua, 20 Jul (AFP)—It was confirmed that on 20 July, riot police and a group of Nicaraguan demonstrators protesting in front of the Ministry of Construction and Transportation in Managua exchanged gunfire, tear gas grenades, and blows.

The incidents took place near the opposition Sandinist Central Organization of Workers (CST) building, where retired Army officers and university students who were staging separate protests came together.

The clash, which forced the spontaneous evacuation of several homes, occurred during a protest of transportation workers.

According to unofficial reports, several people from both sides were injured and at least six children were poisoned by tear gas.

AFP journalists heard the shooting at the site and watched as the demonstrators were dispersed.

A worker reported to a radio station that shots from a AK-47 rifle were heard, adding that he witnessed one comrade getting injured.

Negotiations Begin

PA2107015992 Panama City ACAN in Spanish 0102 GMT 21 Jul 92

[Text] Managua, 20 Jul (ACAN-EFE)—The Nicaraguan Government agreed on 20 July to begin negotiations with transportation leaders of state and private companies, who began a strike this morning that resulted in riots and clashes between demonstrators and policemen.

The incidents, in which five riot policemen were injured by stones thrown by the protesters, began after Construction and Transportation Minister Jaime Icabalzeta refused to receive the demonstrators to hear their demands.

The strikers presented the government with a list of demands including the reorganization of Managua bus routes and the delivery of spare parts estimated at $400,000.

The transportation workers are also demanding a revision of the current tax imposed by the mayor's office on vehicles. The tax ranges between 150 cordobas ($30) and 400 cordobas ($80).

The strikers announced that if there is no agreement with the government representatives, urban transportation will continue to be paralyzed on 21 July in this capital.

Lucio Jimenez FSLN Anniversary Speech Noted

PA2007170592 Managua Radio Sandino in Spanish 1620 GMT 19 Jul 92

[Speech by Lucio Jimenez, secretary general of the National Workers Front, FNT, on the 13th anniversary of the victory of the Sandinist revolution, at Revolution Square in Managua—live]

[Text] Comrades, on this anniversary we want to salute our armed forces, the armed forces that emerged from the people and are serving the people's interests; all our historical fighters; and all our people. Twelve years ago they exerted, and they continue to exert, their best efforts to continue the Sandinist people's revolution. On this 13th anniversary, the National Workers' Front [FNT] states its position on the critical situation that prevails in the country as a result of the U.S. intervention and the social and economic crisis we face.

For 10 years we were subject to military, economic, diplomatic, and every other kind of aggression, precluding the consolidation of our revolutionary process. Since 1990 and under the auspices of the IMF and the World Bank, the national government is undertaking an overall policy of structural adjustment that implies curtailing credits for production; closing many work centers; reducing health and education services; and—as if this were not enough—threatening university students and, consequently, parents and all those who earn a salary in Nicaragua. Thousands of students have been compelled to drop out because they cannot afford the fees the authorities want to impose.

We frequently hear talk about, and demands for, stability. Stability is a result of investment and Nicaragua's economic recovery. Well, if the students' problems are not solved, how can there be stability in Nicaragua? Are the students responsible for the lack of stability at the universities? [Crowd shouts: "No!"] Of course not! They have every right to continue studying and enjoying what the Constitution and the laws establish in our country!

We have been invited to participate in a new economic and social consultation process. We want to state the FNT and the people as a whole support negotiated solutions and a dialogue. We also support and carry out the popular struggle to strengthen and benefit the policy of a dialogue from the people's perspective—to hold a dialogue and defend the people's interests. The consultation is all right, all right [repeats himself]. What is not right is the plan to return enterprises unilaterally; what is not right is the plan to leave the workers' enterprises without financial aid. University students cannot possibly be left without a budget. Small store owners cannot be deprived of the possibility of requesting credits on

easy terms when we know that tens of thousands—even millions—of humble comrades earn a living through this economic activity.

We have said it in private and now we say it in public. If the items pending in the concerted effort dialogue are not resolved, if the property ownership issue is not settled, there can be no third stage in the concerted effort because such unresolved issues concern the Nicaraguan people.

For instance, on 18 July a Managua judge ordered a lady out of a house she had been living in since 25 February. If she refused to leave, she would be evicted by the Public Force. And this low income companera will have to leave this house and buy a new one on a 300-cordoba-per-month salary, companeros. She cannot. Nor can they in the Akawalinka neighborhood, where this is happening; nor should we permit this.

Residents and workers should join forces to ensure the property ownership agreements are faithfully complied with. We can permit no macho Gonzalez, or bourgeois who left the country to enjoy themselves, while we bore the burden of running the enterprises, to now come and take possession of the enterprises. Not one enterprise should be returned unilaterally. If this happens, companeros, stability will not depend on us. Let this be clear to the rulers and entrepreneurs.

Over the past few months, we have talked with local and foreign investors. Some investors regard Nicaragua as a huge business where there are thousands of unemployed, as many as 40 percent, and they think they can impose themselves on us, taking advantage of our need and misery. They have started to pressure us with a brutal labor code, allegedly because trade unions are very hostile. We welcome such investors, but no deal will be made under these terms.

We have also talked with investors who can coexist with the current situation of workers and the people. It is possible to work with these investors and encourage investment. We regard foreign investment in this light, unlike those who think this is an opportunity to stamp down on the people and workers.

Finally, companeros, on 26 July we will participate in the great march of the university students. The fact that a few magnates find education to be profitable does not mean that private universities will flourish in the country and the government will leave to their own devices those universities that depend on the central government. As our companeros rightfully say, it's now or never. If higher education is dismantled, so will be the entire educational system. The students have already called the march. We are reminding our labor unions, cooperatives, merchant associations, and the organized people that it is our sons and brothers who attend classes at the university. So let us all march on 23 July for the 6 percent of the budget for the universities. [crowd cheers and applause].

Long live the 13th anniversary of the Sandinist people's revolution. Long live the unity of all the people to defend the revolution's achievements. Not one step backward!

* FSLN Urged To Redefine Party Platform

92CA0182D Managua BARRICADA in Spanish 13 Jun 92 p 3

[Article by Ernesto Castillo M.]

[Text] Two years into the Chamorro administration, Nicaragua is undergoing an extremely serious crisis involving not only the economic situation, but also the very foundation of the state.

At the rate we are going, the situation will gradually deteriorate until, by the time of the 1996 elections, we will be in worse political and economic conditions than we were in 1990.

Two years is enough time to assess the will and capacity of the Chamorro government. If the Sandinist National Liberation Front [FSLN] feels that this government is not capable of overcoming the crisis and guaranteeing a modicum of stability, economic growth, and social equity, it should say so very clearly.

If it is convinced that the Chamorro government has run out of steam, the cooperative thing to do would be to propose solutions, even to call for a plebiscite. Otherwise, it should support the government in all of its positive efforts and provide constructive criticism of its errors.

Under the present circumstances, we cannot afford to let a fragile government like Mrs. Chamorro's collapse, and we all know that such a thing can happen on its own, without any major effort to bring it down. The problem lies in choosing the appropriate option in response to a power vacuum.

The FSLN would certainly not propose a government structure similar to the one it established in the past. Internally, it has already acknowledged that because of the circumstances of that era and the errors it made, that model is not viable.

Two years have also gone by in the FSLN. Is the "Everything Will Be Better" campaign platform of 1990 still valid? Can it be said that in the analyses of the Crossroads and the documents approved at the Congress, a viable alternative for government has been formulated?

I think it has been a mistake to spend these two years on internal discussions that were more defensive in nature and were aimed at designing a structure for an opposition party, rather than redefining the FSLN as a political party, with viable alternatives for exercising power and guaranteeing stable solutions for the country's economic and social life.

In a country that does not have our economic problems and has more fully developed political parties, a power vacuum is unlikely. The failure of government programs in Germany or Sweden may lead to the fall of a government, but not economic and social upheaval. Moreover, the incoming governing party makes a course change, but in a direction known beforehand.

What would happen if President Chamorro decided to step down? In the present situation in Nicaragua, the FSLN is the only political organization capable of guaranteeing stability, either by being an opposition party or a ruling party. For this reason, it has an obligation to lay the groundwork for the economic, political, and social model that it considers necessary for this stage of Nicaragua's political life, not to wait for elections to offer a government program.

I see no acceptable reason why there has been no response to the proposals the government made to the FSLN in March. We must prevent this country from collapsing. That can only be achieved through concrete proposals to solve the main problems that plague us.

The officials of the FSLN have an obligation to respond. And this response should be something that is supported by the membership, not pulled out of the bureaucratic sleeve of a National Directorate committee.

*** 'Depoliticization' of Army Questioned**

92CA0182C Managua BARRICADA in Spanish 18 Jun 92 p 3

[Commentary by Onofre Guevara L.]

[Text] General Humberto Ortega's effort to "departisanize" the Sandinist Popular Army (EPS) is commendable as a contribution to its institutional advancement. It would be even more so if it did not appear, at times, to be an effort to obliterate the Army's popular and Sandinist origins.

These characteristics, which are indelible birthmarks, do not clash with the Army's institutionality, insofar as the state itself is a constitutional result of the "popular" and "Sandinist" transformation of this society.

To assert otherwise, to contend the opposite, would be to engage in pure Somozism, to refer to the past. No one can associate the nonpartisan nature of the Army with the mental and material structures of the past, without speaking of a synonym for Somozism, even though it may bear another name, because the predominant thing would be the objectives, the goal.

But the fact that an army is not structured with or within a political party does not amount to its "depoliticization," because that would require a mental sterility on the part of its members, or worse yet, it would lead to an "automation" of the troops without depoliticizing them.

In this way, only the function of the instrument would change: Rather than a party army used to carry out a popular project, it would become the army of a dominant class used to pursue its exploitative ends. And on that side lie several paths to "apoliticalness":

- Using it to repress labor activities and demonstrations, to the benefit of business owners—both state and private—and not merely or always for the purpose of maintaining public order.
- Creating separate strata within the Army aimed at favoring some groups and neglecting the social needs of the majority, setting up a relationship of strife that is even more vertical than the structure that normally characterizes any army.
- Caving in to the "suggestions" of friendly advisers, be they foreign or domestic, in decisions on actions to be taken by the Army, supposedly to confirm its democratization process.
- Participating in evictions of poor peasants—who did not invade anything, but are there because of Agrarian Reform—following orders that run counter to the law, and legitimizing certain authorities more than the legal system.
- Associating the Army with certain figures, placing the Army in a subordinate position.

These are some general examples, which are perfectly obvious in individual cases. Needless to say, that does not help institutionalize the Army or the country.

If the objectives are not to distort the nature of the Army or to automate it, there should be evidence of that in practice. And there is not always any such evidence, which creates more contradictions in society, rather than eliminating them. There is not and cannot be any absolute depoliticization of an army without its ceasing to be or becoming the opposite of what it is.

A partisan army is not a good idea. No one created it expressly for that purpose. It was born naturally that way, but now it no longer suits the circumstances. But can soldiers be entirely cleansed of any political or ideological bent? I do not think so. As they tried to act like a blank slate, the soldiers would end up being declassed and would ultimately act in defense of another class. There are no neutral interests in this country.

A "depoliticized" military only exists as a function of "policies" divorced from social interests. So we already have a soldier-instrument. Would such a soldier be capable of distinguishing the "political and selfish interests" of an exploitive landowner from the "social interests" of the evicted peasants?

He would probably be able to discern only the difference between the political party he is forbidden to join and the party of the class he is forced to defend. But with political judgment, the soldier would be able to distinguish between antagonistic interests, constitutionality, and justice.

* Editorial Demands Justice, Army Accountability

92CA0182A Managua LA PRENSA in Spanish
18 Jun 92 p 10

[Editorial by Horacio Ruiz]

[Text] The outrageous assassination of Commander Diogenes Hernandez ("Fernando") on 10 June in Boaco calls for a severe condemnation and a sharp reprimand to those responsible for administering justice in Nicaragua, assuming anyone is still exercising those functions.

To remain silent in the face of this brutal event and the wanton disregard for the standards of law that has followed in its wake would be another crime in itself, perhaps a worse one.

Hernandez was shot in the back, unarmed, after turning his back on his assassin, who has been positively identified as Anibal Paiz. Paiz has clear ties to the repressive forces of Sandinism, which remain armed despite numerous disarmament efforts and symbolic destructions of weapons.

The chief of police immediately termed the incident an "outrageous assassination." But Paiz, undoubtedly because of his ties to the Sandinists, has not spent as much as a day in jail. In fact, in a matter of hours he was placed under "house arrest" in his home, with guards to protect him from reprisals. His 16-year-old son, who Boaco residents say has a long criminal record for his short life, is also being protected in this manner.

Forty-eight hours later, the judge who is hearing the case ordered that amends be made, not to the victim or the victim's family, but to the culprits: the vehicle in which the crime was committed was returned to the wrongdoers.

It is rumored that the perpetrator tried to exchange weapons with his bodyguard to force him to take the rap, and there is also talk that two young ladies are fabricating a romance that will allegedly serve, not as a backdrop, but as a justification for the assassination of "Fernando."

We knew this valiant guerrilla leader only by name, and we heard only the most positive things about his dedication to the strugle for freedom and his good character as a citizen, a family man, a man of faith. When he had to take risks, he faced them squarely, and no one can accuse him of any atrocities or improper behavior.

It is frightening to think that this man was murdered in cold blood, but it is even more frightening to realize that after such a brutal crime, any possibility of legal action is cynically abandoned, mocked, or thwarted. Amid all the outrages against civilization that we have had to endure in the last few years, none has had such a great impact because of the absolute refusal to undertake any appropriate legal action.

A man was murdered, with all the aggravating circumstances, and not only is there no prosecution, but the people responsible for enforcing the law have practically given their official blessing. The murderer has been treated with kid gloves, and the facts have been ignored with such disregard for justice that this must indeed be the blackest hour for the rule of law in Nicaragua. One might even say that it is tantamount to giving everyone license to interpret the law as they please. Is there anyone in our "legal system" who has something to say about this...?

Now there is definitely no doubt that the head of the Army, General Humberto Ortega, has some explaining to do to the Nicaraguan people and in the National Assembly: How can it be possible for the top-ranking military officer to be unaware that 5,000 rifles and 500,000 rounds of ammunition turned up missing in an inventory?

This is an obvious act of negligence in carrying out his duties, and although the executive branch has hastened to shield Gen. Ortega from having to answer questions, as any official is obligated to do, this time the matter is impossible to sidestep.

It is sufficiently serious that a digression is warranted to explain the details. In a basement that was off-limits to everyone but the highest-ranking military officers of the Sandinist government that was defeated at the polls by the people in 1990, there were enough weapons, explosives, and ammunition to kill one-sixth of Nicaragua's population.

The leaders of well-known guerrilla groups from other parts of the world also had access to the basement. It has even been said, with incredible candor, that the arsenal was an "economic reserve" available to Sandinist groups for the future.

Aside from this subterfuge, the fact is that there were people, some with military rank and presumably with official posts in the Armed Forces, who had as much secret firepower as the Army itself. What were their intentions? We would have to ask the head of the Army, Gen. Ortega, to get an answer to that question. By now he must surely have called on the carpet those who kept that terrible cache of rifles and ammunition a secret.

Moreover, under normal circumstances, the conspirators themselves could be expected to be summoned by the appropriate authorities to account for this illegal possession of weapons and explain what they intended to do with the hazardous materials they had hidden.

But the most disturbing mystery, as we said at the beginning, is how Gen. Ortega could be so misinformed by his chief of logistics that he did not know that such a high percentage of his munitions had been diverted and was being hidden underground somewhere else.

The implications of this matter are evidenced by the very fact that the details have been revealed. It demonstrates,

more than anything else, the fragility of the democratic process in Nicaragua, which is liable to vanish at the slightest hint of aggression against the institutions created by the people in the 1990 elections. It is very worrisome to see the deceit and falsehood that characterize the statements and positions promising order and respect for the legitimate government.

The danger lies in taking this situation lightly and treating it as if it were just one more act of mischief by badly behaved boys. In a situation like this, a government must show that it truly represents, supports, and defends the will and safety of the people, or else it risks being sacrificed at any moment to forces beyond its control.

* U.S. Attempts To 'Destabilize' Nation Eyed

92CA0182B Managua EL NUEVO DIARIO in Spanish 15 Jun 92 p 4

[Commentary by Francisco Bravo Lacayo]

[Text] The revolutionary government that was born on 19 July 1979, of which Mrs. Violeta Barrios de Chamorro (now president of the Republic) was a member, issued a decree ordering the confiscation of property that had been obtained illicitly by members of the dynasty, corrupt officials of the Somoza regime, officers in the genocidal Army, and a handful of opportunists and profiteers who had amassed huge fortunes under the wing of the dictatorship.

In doing so, the new government was merely interpreting the desires of the vast majority of Nicaraguans who had been stripped of their possessions by fire and sword under the tyrannical regime.

The drones of the beehive fled to the United States to take refuge from justice in their country, and to feel safer, many became U.S. citizens, renouncing their citizenship in their country of origin.

When the National Opposition Union [UNO] won the elections, all the old plunderers saw their chance to recover their possessions, many of them obtained by the "sweat of their brows," with the consequent sacrifice of thousands of true fighters for democracy.

In response to the groundless claims filed by the drones, Minister of the Presidency Antonio Lacayo explained that even though they had adopted gringo citizenship, the confiscations had been made when they were Nicaraguan citizens, and therefore their claims were invalid.

Justice and legality are on Minister Lacayo's side, but....

Frustrated in their efforts to achieve all of their goals, despite the long war they inflicted upon us, the most recalcitrant imperialists invented pretexts to perpetuate their interference in our affairs.

Thus, they are using their Nicaraguan-American stooges to destabilize the current government, demanding that their property be returned, as if U.S. citizenship gave them carte blanche to violate Nicaraguan law.

The interim charge d'affaires at the U.S. Embassy, Mr. Ronald D. Godard, does not care if the thieves become gringos (in the land of the gangsters, a few more crooks will not make any difference), and thus declared that his government "does not make a distinction whether a citizen had his property confiscated before or after he acquired that status." Elementary, my dear Watson.

Another lady, Dr. Janet Ballantyne of AID, cites the alleged disappearance of $500 million to justify the freezing of $100 million.

We Nicaraguans should be fully aware that all these are pretexts to bring Dona Violeta's government to its knees and force it to repeat the fateful Night of the Long Knives and exterminate everyone, down to the last Sandinist, that is, down to the last patriot in the land of Sandino.

* 'Sabotage' of Workers' Gains in Privatization

92CA0182E Managua BARRICADA in Spanish 19 Jun 92 p 3

[Editorial: "Victoria: An Illustration"]

[Text] The workers' hard-won right to a share in privatized businesses is leading to unprecedented struggles in our country to develop a new type of business ownership and management.

It has not been easy to implement the agreements reached in the National Dialogue, partly because of the opposition of the die-hard capitalists of traditional private enterprise to the democratization of property ownership.

Right now, there are cases in which this resistance is expressed jointly—by business and government—through traditional methods such as cutting off financing and exerting fiscal pressure. In addition, however, in the persecution of anything that smacks of worker management quotas, other elements akin to influence peddling become involved.

We are referring to the Cerveceria Victoria brewery and the Jaboneria Prego soap company, although there are others. In these cases, the interference by "outside" interests is obvious. It is also clear that resistance to giving the workers a share in ownership increases in proportion to the company's economic strength.

This is not to say that in other, less prominent companies it is easy to turn over shares to the workers. For example, there is the Cafe El Caracol, where the employees waged a battle for many years. Only their greater fighting strength enabled them to overcome this conspiracy of interests.

At Victoria, the workers point to the influence of the Pellas Group—the comptroller was an employee of that

group, and it makes no effort to hide its current ties—in slowing down the process of giving the workers the shares to which they are entitled.

The workers say that the Comptrollership's astounding actions against the manager, a professional of proven efficiency and capacity, in contrast to that office's silence in cases such as that of former Vice Minister Antonio Ibarra, are due to the fact that the Pellas are the owners of "the other brewery," which has an interest in promoting the instability of Victoria for reasons of commercial competition.

At the Prego soap company, due to influences that are very easy to see, government agencies are sabotaging worker-led production as a way of justifying the refusal to give them a 25 percent share in the company.

The management capacity of the workers is undeniable. They were able to put Prego back on its feet after they inherited a company that had been decapitalized by its owners, and they made it grow during the revolutionary administration. Now they have been contending with government sabotage for two years.

The government would lessen the conflicts involved in the process of adapting property ownership to the new concept and new business practices if it were more honest and vigorous in dealing with the obstacles placed in the way of national reconciliation and the development of a new economic policy. In the final analysis, the state has the greatest interest in making sure the National Dialogue does not fail.

Panama

Third Modesco Leader Arrested for Disturbances

PA1707153892 Panama City Radio KW Continente in Spanish 1200 GMT 17 Jul 92

[Text] Felipe Cabezas Dixon, a leader of the Movement of the Colon Province Unemployed [Modesco], has been arrested by police and imprisoned in Colon on charges of involvement in the 7 July disturbances that left one woman dead.

Cabezas Dixon's arrest brings the number of Modesco leaders who have been arrested to three. A total of 14 arrest warrants related to this case have been issued.

There were nonviolent protests in the Atlantic Coast city on 16 July when Colon was celebrating the Day of the Virgin Mary. However, leaders of Modesco and the Broad Front for the Rescue of Colon have announced full-scale demonstrations for 17 July. In other words, violence will return to the streets of Colon on 17 July.

It would seem that the two groups have desisted from their plan to march to Panama City to protest in front of the presidential palace. They planned to ask President Endara to comply with the agreements and find a final solution to problems facing the Atlantic community.

Argentina

Government Wants To Resolve Provincial Problems

PY2007235092 Buenos Aires CLARIN in Spanish 17 Jul 92 p 18

[Excerpt] The government will try to divert one of the storm fronts that has politically encircled it during the past few days. The official initiative is contained in a summons to the provinces in order to achieve an economic agreement that will allow an unshackling of the conflictive matters currently facing the government and the provincial governments.

Interior Minister Jose Luis Manzano was charged with announcing the invitation to the provincial governments, but he made it clear that the agreement must be achieved "without modifying any of the program's measures that already have been implemented." He also indicated that the summons' final objective is to achieve a transitory agreement that will "ensure that the provincial governments will have a flow of funds and the answers to the serious problems the country currently is plagued with."

The summons has no set date, but it is known that federal coparticipation, social security reform, the transfer of schools to the provinces, the energy sector's privatization, and the maintenance of railway passenger services are among the topics of the agenda announced on 16 July by Manzano.

The various topics that will be discussed are currently in the following stages:

Federal coparticipation. Economy Minister Domingo Cavallo's plan is to deactivate the current coparticipation system and replace it with a "set sum" system. If Cavallo's idea is accepted, the provinces will receive a sum of pesos equivalent to the sum they have received during the course of the year. The intention is that as of now all the money that exceeds collection estimates will remain in the hands of the federal government, which, according to Cavallo, has been harmed the most by the current distribution system. The task of Cavallo and Manzano is to go out to the provinces and sell the program to them. [passage omitted]

Cavallo Criticizes Alternative Economic Plan

PY2007185392 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 20 Jul 92

[Text] Economy Minister Domingo Cavallo has said that the document issued by the Radical Civic Union's [UCR] national executive stresses their inability to govern. Cavallo added that the UCR does not constitute an alternative to the Justicialist Party.

The Radicals yesterday stressed that economic stability and inflation reduction were the government's main achievements. The UCR, however, demanded a revision of the path followed, to prevent the current social and political deterioration from affecting the normal development of national institutions.

The Radicals said that salaries and pensions did not rise as fast as the prices of staples and services. Cavallo replied that the minimum pension stayed at 120 pesos from January 1984 to June 1989—during the period the UCR headed the government—adding that today the minimum pension was 150 pesos. Cavallo said the same thing happened with the average retirement, which stayed at 200 pesos from 1984-1989 and was now at 214 pesos.

The UCR document says that the privatization of public companies did not result in cheaper services, and that the resulting funds were not used to modernize the productive structure or to build new public works.

Cavallo said we should not forget how these companies operated or the losses they produced before being privatized, and forecasted that services will improve with the new investments.

The UCR said that we still have a great investment deficit with relation to the country's needs, while speculative operations without risk or social benefit continue to thrive.

Cavallo said: They say the level of speculative operations is very high today, but the level today is nothing compared to the financial situation during the UCR government.

The UCR stressed that the gradual depopulation of the interior of the country was a consequence of the lack of industrial investment in the provinces and the crisis of regional economies.

Cavallo said that a ruler cannot heed groups' demands, and that a ruler has to work for the improvement of the entire scope of needs—adding that the UCR's having given in to groups' demands only proves that they were incapable of governing, and that this is why they had to leave government in July 1989. Cavallo added that the Radicals propose old school protectionist policies, and seem to desire a flight of capital in order to generate a commercial surplus—recalling that everywhere in the world, the entry of capital implies more imports.

Cavallo said that while on the one hand the UCR charges that the government's foreign exchange policy is rigid and dogmatic, and proposed a devaluation, on the other hand they also say salary levels are too low. This is a contradiction, Cavallo concluded.

Labor Minister, Leader Praise Labor Agreement

PY2007233292 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 20 Jul 92

[Text] Labor Minister Rodolfo Diaz said the agreement with the CGT [General Confederation of Labor] and the lifting of their announced general strike was very important. Diaz stressed that the government did not yield an

inch on the central part of its policies. This is a government that can negotiate. We were able to find an acceptable formula and avoid a strike, and now we must get back to work, Diaz stressed.

The minister said we carried out intense negotiations over a period of 20 days to find an acceptable formula. It was very important to prevent a strike and to recover the capacity to conduct a reasonable dialogue with labor, Diaz said. Diaz concluded by saying that there is still much to do and that President Carlos Menem gave them very clear guidelines: The government could not yield on any part of its central policies. We did not, Diaz concluded.

CGT Co-Secretary General Jose Rodriguez said the agreement with the government was very important because the labor movement regained its place as an essential part of society. I am essentially a negotiator; I do not like strikes, which is a final message that should be used only as a last resort, Rodriguez said.

The labor leader denied that from now on the unions will have control over social works funds' collections, as was pointed out by some newspapers today. It is not so; the system continues as before, the only thing we changed was a step in the system that was very costly and created delays in collecting contributions, Rodriguez said. The labor leader added that collections will continue to be supervised by the Labor Ministry through the Single Social Security Service.

Regarding the Radical Civic Union's criticism of the government's economic model, Rodriguez said there are many pressures to break the convertibility plan. The government must assume the responsibility for introducing changes if necessary but the plan, far from breaking, is working well, Rodriguez added.

Rodriguez, who is also Mechanics Union president, said that an example of this good economic performance is the evolution in the car industry. There are more than 10,000 new jobs in that area and we are very happy; we have a different industry that already has proposed a development plan until the year 2000. This is an industry that is not protected and is ruled by the eagerness to reach technological excellence, with the necessary models and investments, to become competitive, Rodriguez concluded.

Radioactive Waste Buried in Mendoza Province

PY2007184392 Buenos Aires LA PRENSA in Spanish 18 Jul 92 p 5

[Text] Mendoza (NA)—It has been disclosed here that the radioactive waste used in a National Commission for Atomic Energy (CNEA) plant in Cordoba Province is being buried with in a 10-km area in Mendoza Province, and that although it is a "low activity" material, it emits particles that "can damage human and animal life."

The information, supplied by Mendoza Environment Department Director Jose Ruiz and Mendoza Sanitation Department Director Jose Luis Puliafito, contradicts statements by other government officials, for whom the uranium product sent back to Mendoza Province "is inert, and does not involve any health hazard."

Amid general concern, the discussions became significant after the disclosure of a report requested from the national government by UCR [Radical Civic Union] deputies Gaston Ortiz Maldonado, Gerardo Profili, and Raul Baglini, who said that 3,000 drums with nuclear waste from the Embalse Nuclear Power Plant were buried in San Rafael, where the Sierra Pintada uranium deposit is located.

Carlos Saucedo, the CNEA's Cuyo Region department chief, denied that the material is dangerous, pointing out that the shipments that leave Cordoba from Sierra Pintada and enter Mendoza Province "are 90 percent less radioactive, and are buried without any health hazard."

Saucedo said: "Truly radioactive waste from the (Embalse) nuclear power plant is kept in special decay reservoirs in Cordoba Province."

Contradictions

Nevertheless, Ruiz and Puliafito stressed that there can be three hazards: radioactive emissions from the waste (inspections indicate that there are no hazardous emissions); acidity of the material, which could affect the water tables; and the possibility of introducing drums with highly active nuclear waste.

Still, Ruiz and Puliafito agreed that "the nuclear waste from Cordoba Province has low activity, but emits particles that can damage human, animal, and vegetal life."

The situation seems to be so delicate that the provincial government has confirmed the possibility of abolishing an agreement signed with the CNEA in 1988 to mine uranium in Sierra Pintada.

Defense Industry Companies Privatized

PY2107002292 Buenos Aires Radio Nacional Network in Spanish 1500 GMT 20 Jul 92

[Excerpt] Defense Industry Planning Secretary Jorge Pereyra de Olazabal has said that two of the most important companies in the defense area, Somisa [Argentine Iron and Steel Joint Association] and General Mosconi Petrochemical Company, will be privatized by October.

Pereyra announced that the documents establishing conditions for Somisa's privatization already were available. The secretary announced that the envelopes containing the bids will be opened on 29 September and the company will be handed over to the new owners in October. [passage omitted]

* Views on Constitutional Reform Compared

92SM0473B Buenos Aires LA PRENSA in Spanish 2 Jun 92 p 5

[Text] Eduardo Menem, the acting president of the Senate, accused groups opposed to constitutional reform of "in fact opposing the reelection of President Carlos Menem because they have another candidate for the 1995 elections and they do not like Menem's style."

Emilio Cardenas, the president of the Association of Banks of the Argentine Republic (ABRA), repeated his opposition to the constitutional reform proposal because, "there is an interwoven network of rights and duties that is the core of Argentine cohesion and that must remain, beyond the ups and downs of a given situation."

Meanwhile, Carlos Corach, the deputy secretary general of the Office of the Presidency, admitted that it is necessary "to reach agreement on this subject with the other political forces because if this does not happen, a text of constitutional changes will emerge, coming from a group that is temporarily in the majority."

In statements made on the radio, Eduardo Menem denied that a possible expression of opposition to constitutional reform in a plebiscite would take power away from the government; on the contrary, the people's expression of their views, "whatever the result, would legitimize the government because it carried out the wishes of the source of its power."

Criticism

Senator Eduardo Menem added that if the people express their opposition to the proposed amendment, "the only thing that would happen is that the proposal would not pass." However, "there is no reason why this would weaken the government."

He criticized those who "are doing everything possible to ensure that the proposed amendments are not approved." He did not identify these groups.

He said: "The president will not owe anything to anyone after the Constitution is reformed. Those are the prejudices held by those who have always been opposed to constitutional reform." He asked himself, "What is the mechanism? What is the reason why they are opposed to having Congress in session for longer than five months a year, as at present?"

He further stated, "Let them tell the truth and make it clear that they are not opposed to constitutional reform but to the reelection of the president," a fact that reflects that "they must have other ideas, another candidate for the 1995 elections. They do not like the style of the president."

Furthermore, Eduardo Menem protested that those who "are not acquainted with the system for reforming the Constitution and who do not know that the Constituent Convention cannot go beyond its powers, then they listen."

He recalled a saying from the nineteenth century: "When someone does not have the courage to enter into an argument, this means that you have to wait for another occasion."

Frustrations

Emilio Cardenas added to his argument against constitutional reform the precedent of Brazil, where the reform ended up as "a bulletproof vest for the government." He referred to the fact that some reforms "filled the people with illusions and later with frustrations."

Cardenas stated: "I am opposed to the reform because the Constitution contains an interwoven network of rights and duties and is the central core that ensures the social cohesion of Argentina. And, like every institution, it should remain in place, beyond the ups and downs of a temporary majority."

The president of the ABRA stated: "Furthermore, there is another basic error that makes people believe that everything that is written down is a possible right. This fills people with illusions, and afterwards they are frustrated, when they see that the objectives identified as rights are not achieved."

Necessary

In turn, Carlos Corach denied that the idea of a plebiscite "is under study and that it can be held in 1992," although he stated that holding a plebiscite "does not mean that we have forgotten that it is necessary to have the agreement of the different political groups for the reform to succeed."

The second ranking figure in the Office of the Presidency warned that without such an agreement between the parties, the text of a reform would "emerge from a group temporarily in the majority over another group and not from the political parties as a whole."

Furthermore, Corach denied that the subject of changes in the Constitution is involved in a future election between Carlos Menem and Raul Alfonsin, because "there are other questions which deserve the attention of party leaders."

Bolivia

Reports on U.S. Troops 'Completely Inaccurate'

PY2007190992 La Paz Television Boliviana Network in Spanish 1700 GMT 20 Jul 92

[Excerpts] The delegation of senators and deputies who visited Santa Ana del Yacuma will present their report to Congress today.

In light of continuing reports that U.S. troops were reportedly burying nuclear waste in Santa Ana del Yacuma, a delegation of senators and deputies travelled to this town in Beni Department.

In accordance with a preliminary report, it has been determined that those reports are completely inaccurate.

Emma Obleas, Chamber of Deputies Defense Committee chairman, will now inform us on this issue.

[Begin Obleas recording] [passage omitted] Now then, the delegation that went there and conducted an inspection must actually deny all the speculation on a naval base or on nuclear waste burials. All that is inaccurate.

Journalists, the defense minister, the commander in chief, all the military officers, and also we congressmen have been able to confirm that those reports are inacurrate. I am saying this for the peace of the entire country—not only for that of Beni Department, or the eastern departments. It is for the entire country.

There are no nuclear waste burials. It is not true that a naval base is under construction, either. [passage omitted] [end recording]

Paz Zamora on U.S. Ambassador's Statement

PY2007170992 La Paz PRESENCIA in Spanish 12 Jul 92 p 1

[Text] According to a FIDES News Agency [ANF] dispatch, President Jaime Paz Zamora has stressed that Bolivia will continue to fight drug trafficking even if the U.S. military decides to leave the country. "All of us are committed to the fight against drug trafficking."

The president explained that the statement made by U.S. Ambassador to La Paz Richard Bowers suggesting that Bolivia might want the U.S. military to leave the country cannot be considered a "threat; they are here in their own interests (...) If they leave, then we will simply continue to fight drug trafficking, because all of us are committed to this fight."

Moreover, Paz Zamora indicated that Bowers' statement is presumably calling for a "clearer definition of the role and specific functions that must be carried out by the DEA."

Defense Minister Alberto Saenz Klinsky, Commander in Chief of the Armed Forces General Oscar Vargas Lorenzetti, and Army Commander General Oscar Escobar Quiroga have rejected a Pentagon report published in THE WASHINGTON POST that accuses the Bolivian, Peruvian, and Colombian military of corruption and that they have no interest in the antidrug fight.

Saenz said that the "corruption is not in the hands of the sentinels of the Armed Forces; it is to be found in the hands of drug traffickers and terrorists." Vargas stated that "for some years now the Armed Forces, through the Air Force and Navy task forces, have been cooperating in a decisive manner in the fight against drug trafficking."

Therefore, "it is absolutely false that the institution is not participating. We are participating, and we will continue to participate," Saenz Klinsky said.

Regarding U.S. military aid for the Armed Forces, ANF reports that "the persons who are directly responsible for the institution have not received one cent in cash," and it indicates that Escobar has expressed his concern because "some of the objectives that are contained on the famous Annex III, which pertains to military aid, have not yet been implemented."

Brazil

'Indications' of 'Revenue Omissions' by Collor

PY2107000092 Sao Paulo FOLHA DE SAO PAULO in Portuguese 17 Jul 92 Section 1 p 9

[Report by Gilberto Dimenstein]

[Text] A team of experts from the Sindifisco (National Trade Union of Fiscal Auditors), the representative of Federal Revenue Office officials, yesterday completed a review of President Fernando Collor de Mello's declaration of assets [declaracao de bens].

According to Sindifisco President Maria Izabel de Almeida, a Federal Revenue Office auditor, after comparing the declaration's review with information disseminated on the president's expenses, there are "strong indications" of "revenue omissions."

According to Izabel, in the face of the evidence disclosed, "it is appropriate for taxpayer (Fernando Collor) to justify himself before the Federal Revenue Office." She noted that the Federal Revenue Office alone can give a conclusive opinion.

The Sindifisco experts team's work is based on President Collor's declaration of assets presented in August 1989 to the Superior Electoral Board [TSE], as compared to the expressions of apparent wealth reported daily by the newspapers.

Initially, there were doubts on whether the declaration of assets presented to the TSE should be identical to the income tax report. The information received by the Sindifisco was that the declaration of assets should be identical to the income tax report.

TSE Vice President Sepulveda Pertence, a Federal Supreme Court justice, has confirmed to FOLHA DE SAO PAULO that candidates are expected to report all their assets, including their financial investments.

Financial investments, such as savings passbooks, are not included in Collor's declaration. In 1990 alone, he carried out three operations—the purchase of a lot in

Brasilia, refurbishment of Casa da Dinda [the president's residence in Brasilia], and a trip to Africa and Europe—for the total of $1.4 million (5.4 billion cruzeiros).

Casa da Dinda's monthly expenses alone total about 50 million cruzeiros. The president's monthly salary totals 10.8 million cruzeiros.

According to surveys conducted by FOLHA DE SAO PAULO, Collor still has not disposed of his family's $50 million inheritance—of this total, he is entitled to 5 percent. He has also not disposed of his two real estate parcels (a house on the beach and an apartment) in Alagoas State.

Collor's shares, motor boat, and cars are worth about $113,000 (490 million cruzeiros), which is the approximate cost of Casa da Dinda's neighboring lot that Collor purchased in a transaction in which entrepreneur Paulo Cesar Farias, alias PC, acted as a mediator.

Three Sao Paulo PT [Workers Party] congressmen—Aloizio Mercadante, Jose Dirceu, and Eduardo Suplicy—already have submitted to the CPI [Congressional Investigating Committee] a request, which is being handled by the CPI's speaker, asking for President Fernando Collor's income tax reports for the past three years.

These reports would be compared with the Casa da Dinda's and the Collor family's expenses deposited [as published] in [former private Presidential] Secretary Ana Acioli's accounts.

CPI Report May Incriminate President Collor

PY2107030292 Sao Paulo FOLHA DE SAO PAULO in Portuguese 18 Jul 92 Section 1 p 5

[Text] Josias de Souza reported that President Fernando Collor should be mentioned for malfeasance in the final report of the CPI [Congressional Investigating Committee] in the PC [Paulo Cesar Farias] case. CPI coordinator Amir Lando (PMDB-Ro) [Brazilian Democratic Movement Party-Roraima] already has admitted in private that there is a 90 percent chance that Collor's name will be included in the report. In public Lando said that he does not have a definite position—but he already has found the law (1079 of 10 April 1950) that can be used to incriminate the president. This law defines malfeasance and regulates the trial process. The inclusion of Collor's name in the report would be the first step in opening an impeachment process. Gilberto Dimenstein and Ivanir Jose Bortot indicated that the investigation of Paulo Cesar Farias in the Federal Revenue Office has run into a deadlock. The fiscal inspectors believe the investigation will get to a point where it will be necessary to investigate President Collor, but they are waiting for authorization from higher officials to go ahead.

* Driver on PC Funding of Collor Accounts

92SM0502A Sao Paulo ISTOE in Portuguese 1 Jul 92 pp 15-17

[Interview with Francisco Eriberto Freire Franca, former chauffeur for President Collor's private secretary Ana Acioli: "Eriberto Charges: The Money Came From PC Farias"; place and date not given—first paragraph is ISTOE introduction]

[Text] Francisco Eriberto Freire Franca, 28, left the tiny town of Pau dos Ferros in the interior of Rio Grande do Norte 16 years ago to try his luck in Brasilia. Although he does not recall the surnames of the people he associated with during the two years that he worked at Planalto Palace, Eriberto has a good memory, as will be seen below.

[ISTOE] What kind of work did you do at Planalto Palace?

[Freire Franca] Office errands and household errands for Ana and the president.

[ISTOE] Which car did you use to run those errands?

[Freire Franca] A black Santana, license number ZZ-1212.

[ISTOE] Did that car belong to the Office of the President?

[Freire Franca] No, it was a rented car.

[ISTOE] Rented from which firm?

[Freire Franca] GM Rent-a-Car.

[ISTOE] Do you know who was paying for that rental?

[Freire Franca] I know for certain that it was the Brazil Jet firm.

[ISTOE] Who told you that? GM itself?

[Freire Franca] Yes. I used to visit Brazil Jet frequently myself, and I know for certain that it was the one making the payments.

[ISTOE] What did you go to Brazil Jet for?

[Freire Franca] I went there to pick up envelopes containing money, checks, and things like that.

[ISTOE] Where did the money that you picked up at Brazil Jet go?

[Freire Franca] Part of it was used to pay the president's household expenses and other expenses.

[ISTOE] And who would send you to make those payments?

[Freire Franca] The secretary, Ana.

[ISTOE] Was it in cash?

[Freire Franca] Yes, and sometimes checks. Several times I went to Dinda House [the president's residence] to pay employees.

[ISTOE] Whom did you pay at Dinda House?

[Freire Franca] The employees there.

[ISTOE] Do you remember any of their names?

[Freire Franca] Yes. Wellington, who took care of general maintenance, gardening, and things like that. Also Francisca, Antonia, and Berto the butler.

[ISTOE] What were the jobs of Francisca and Antonia?

[Freire Franca] Francisca was the cook, and Antonia worked in the laundry—she took care of the clothes.

[ISTOE] What other employees worked at Dinda House?

[Freire Franca] Paulo, who is not there any more either—he was fired. He took care of the president's launch. And there was Valdemar, who was one of the waiters. Elias was also a waiter, but he was also fired.

[ISTOE] How did you meet Ana Acioli?

[Freire Franca] I met her through Maximo, the owner of GM, which belonged to the Locabras rental agency at the time. I was unemployed, and during a conversation in a bar in Taguatinga one day, he told me: "Look, you have got a family to feed. If you want, I can pull some strings." So he took me to see the campaign committee in the South Business Sector, and I started working for Ana. Then the president took office, and I kept on working for her.

[ISTOE] Getting back to the question of payments and deposits, who do you remember making bank deposits for?

[Freire Franca] I made deposits for Leda Collor, Ana Luiza Collor de Mello, Rosane, and for several people.

[ISTOE] What was the source of the money that went into Ana's account at Bancesa [Bancesa Commercial Bank, Inc.]?

[Freire Franca] That money came from the company owned by Paulo Cesar Farias of Sao Paulo, and it was deposited automatically in her account here in Brasilia.

[ISTOE] Did you witness any scenes that would prove that?

[Freire Franca] Yes, I witnessed several telephone calls made by Ana to Rose, who was Paulo Cesar Farias's secretary.

[ISTOE] What would she say on the telephone?

[Freire Franca] I couldn't hear everything, because I was in the next room. But on any day when she called Rose, she would send me to the bank that afternoon, saying that the money had been deposited.

[ISTOE] What was the amount on the checks you withdrew?

[Freire Franca] It varied. There were checks for 3 million cruzeiros, 5 million cruzeiros, and even 25 million cruzeiros.

[ISTOE] Did this happen daily, weekly, or what?

[Freire Franca] Two or three times a week.

[ISTOE] Those checks were made out to you. What did you do with them? Did you deposit them in your account and draw on them?

[Freire Franca] I would take the money—cash them immediately.

[ISTOE] Did you ever deposit a check?

[Freire Franca] Several times and for various people: at Itau, the Savings Bank, or Bradesco [Brazilian Discount Bank].

[ISTOE] Can you tell us the names of Brazil Jet's employees?

[Freire Franca] Marta, Roberto, Samara, and Claudia.

[ISTOE] Did you sign any receipts when you went to pick up things at Brazil Jet?

[Freire Franca] No. I received the money sealed in an envelope.

[ISTOE] How did you know it was money?

[Freire Franca] I could tell by the bulk—by the feel. Sometimes I would see them sealing the envelope.

[ISTOE] When you saw those envelopes being sealed, did you know whether they held cruzeiros or dollars?

[Freire Franca] Sometimes they held dollars.

[ISTOE] What did you do with those dollars?

[Freire Franca] I would deliver the dollars directly to the secretary. What she did with them after that, I don't know.

[ISTOE] Did she ever send you to make payments in dollars?

[Freire Franca] Oh yes, to Natan Jewelers in Park Shopping.

[ISTOE] Who was the person that received those dollars?

[Freire Franca] It was Mr. Uajara Cabral.

[ISTOE] How many times did you make payments to Uajara in dollars?

[Freire Franca] Twice.

[ISTOE] Did you ever see Uajara at Planalto Palace?

[Freire Franca] Yes, several times. He would go there to visit Ana.

[ISTOE] Can you describe Ana's office at Planalto Palace?

[Freire Franca] It is on the fourth floor next to the president's office (he sketched a rough drawing of the floor plan of the office on paper).

[ISTOE] And while you were at work, where did you normally stay?

[Freire Franca] In the telephone operators' room next to the president's waiting room. I would stay there so I could be easily reached on extensions 1201 and 1202.

[ISTOE] Do you know any other employees who worked in the president's office?

[Freire Franca] Captain Dario, Amorim, Ana, and the switchboard operators Ana Luisa, Edileide, and Rosa.

[ISTOE] Who made those payments when Ana was away?

[Freire Franca] When Capt. Dario was not there, she would write out the checks and leave them with me. There were definite dates for the payments. When Capt. Dario was there, they went to him, and he would give them to me.

[ISTOE] Were they signed blank checks?

[Freire Franca] When the captain was there, she would leave him signed blank checks, and he would fill them in.

[ISTOE] So checks with the handwriting of Ana and the captain can be located?

[Freire Franca] Yes. Checks drawn on Bancesa and the Rural Bank.

[ISTOE] Were you ever afraid to be handling so much money?

[Freire Franca] Sometimes I was afraid, yes.

[ISTOE] Did you fear for your personal safety?

[Freire Franca] Always. That went through my mind several times. Especially since I was not armed. I was very afraid.

[ISTOE] And now that your accusations are being made public, do you fear for your safety?

[Freire Franca] I am very afraid.

[ISTOE] So if something happens to you....

[Freire Franca] I think that something will from that direction.

[ISTOE] From whom?

[Freire Franca] From them. The people I worked with.

[ISTOE] During the campaign, were you hired by Collor's campaign committee?

[Freire Franca] No, my work card was signed by a company called Seve Engineering, located at 515 South.

[ISTOE] You live in a government apartment. How did you get that apartment?

[Freire Franca] One day when I was driving the secretary somewhere, I talked about my situation. I was paying high rent and living in the Bandeirantes Housing Project. The rent had gone up considerably, and my salary wasn't keeping up. So she sent me to councillor Sergio Palazzo at Planalto Palace, and he got it for me.

[ISTOE] When did you stop working for Ana?

[Freire Franca] On 16 April of this year.

[ISTOE] Why?

[Freire Franca] To this day, I do not know. There were people who told them I was driving too fast. And they believed it.

[ISTOE] Did you also work for Ana at her home?

[Freire Franca] Yes, and I know all the employees there. There is a Francisca and a Verioska. There is a gardener who goes there once a week; his name is Maranhao.

[ISTOE] Getting back to Brazil Jet, did you ever have direct contact with Commander Bandeira?

[Freire Franca] Only once, when I went to ask him to renew the automobile rental contract with GM, since Maximo was my friend and I had been working with him since the campaign. He agreed to renew the contract. That was a year and a half ago.

[ISTOE] Besides the Santana, did Brazil Jet pay for any other cars for Planalto Palace?

[Freire Franca] There was also a gray Opala Comodoro, license number BR-1719. There was also a backup car for the Santana; it was a wine-colored Opala Diplomata, license number SC-5555. It was also from Locabras.

[ISTOE] Can you explain how payment was made?

[Freire Franca] GM would always send the invoice at the end of the month, and Brazil Jet would pay it on the third or fourth.

[ISTOE] Was payment by check?

[Freire Franca] Yes.

[ISTOE] You visited GM this week to get a copy of the invoice. What did your friend Maximo tell you?

[Freire Franca] He said he could not give it to me. Because if it got out, he would have problems. He would not even get paid for an outstanding invoice totaling 4.4 million cruzeiros for the Santana, which is still there.

[ISTOE] Where did you buy gasoline for the Santana with license number ZZ-1212?

[Freire Franca] At the Polar Service Station at 410 South.

[ISTOE] Who paid for that gasoline?

[Freire Franca] The AL Air Taxi firm. The bills were signed by Osvaldo Sales. He would sign the first copy, and he had a stamp for AL Air Taxi. I would get gas three times a week.

[ISTOE] Do you know any employees at that service station?

[Freire Franca] The manager is Jose Antonio. The owner's name is Januario, and his wife's name is Katia.

[ISTOE] Why did you decide to talk now?

[Freire Franca] With the proof you have in your hands, denial is impossible.

[ISTOE] Are you scared?

[Freire Franca] Quite scared. Mainly for my family. In this world, anything is possible.

Farias Obtained Illegal Funds From Companies

PY2007230492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jul 92
Economy and Business Section p 6

[By Gabriel Nogueira]

[Text] Rio de Janeiro—Last year the Sasse (National General Insurance Company, linked to the National Savings Bank) distributed more than 50 billion cruzeiros to "front" insurance companies linked to Paulo Cesar [PC] Farias. All these transactions were carried out with the approval of the Private Insurance Authority (Susep) and the Brazilian Reinsurance Institute (IRB), which are supposed to investigate illegal transactions. According to the Association of CEF [Federal Savings Bank] Employees [APCE], Sasse President Manuel Dantas Matos is the main figure in the PC scheme within Sasse.

The illegal transactions were carried out in the field of coinsurance, in which insurance companies share the risk with other companies when it exceeds its ability to pay. APCE Director Pedro Rockenbach explained that "in these cases, in the past, the excess portion was transferred to the IRB, which distributed the amount in the market, through a draw system, reciprocating the company that generated the deal." Matos changed the rules and started to personally choose the companies that absorb the coinsurance and to take into account not only the excess amount but the full value of the operation that would bring profits to Sasse.

According to Rockenbach, Sasse—the sixth most important national insurance company with capital of more than $200 million—is "giving away" the profit of dozens of deals, without receiving anything from the insurance companies like in the past. The main "front" enterprise is the Preferencial Companhia de Seguros. Strangely enough, Rogerio Marcondes de Carvalho, who is director of the Susep Supervising Department, is one of the directors and shareholders of the aforementioned insurance company, according to the founding statutes that O ESTADO had access to. Dantas was appointed by Lafaiete Coutinho—CEF president at that time, who is believed to be one of the remaining members of the PC scheme within the government.

When the operations denounced by the APCE started, Luis Quatronni, who is also one of PC's right-hand men, was IRB president.

In March, before the Susep authorized it to start operating, the Preferencial Companhia de Seguros was rewarded by Manuel Matos with the transfer of dozens of coinsurance policies. CEF controls 48.2 percent of Sasse's capital, 50.75 percent of Funcec (CEF's pensions fund), and 1 percent of the Federation of CEF Employees [Federacao dos Empregados da CEF].

With this rule change, smaller insurance companies such as the Sol de Seguros, Federal de Seguros, and Ajax benefited, although they do not make deals for amounts as large as the ones obtained by Sasse through the coinsurance system. According to Rockenbach: "They are decapitalizing Sasse in order to, through illegal operations, buy part of CEF with the profits." He added that an internal audit will show that most coinsurance operations do not adjust to the technical framework and are illegal.

* Suspect PC Ties With Drug Traffickers Probed

92WD0819Z Sao Paulo VEJA in Portuguese 1 Jul 92
pp 24-25

[Text] PC [Paulo Cesar] Farias has hired attorney Antonio Claudio Mariz de Oliveira of Sao Paulo to defend him from charges of peddling influence with the government. He has also hired tax expert Ives Gandra Martins to help him in connection with the Federal Revenue Office's audit of his books. In response to the latest accusations—to the effect that he is suspected of being linked to international drug trafficking—PC Farias has not even hired an attorney, and he is reacting with good humor: "I had a victorious political campaign. Let them accuse me of influence peddling, that's okay. But drug trafficking—that is too much." And indeed, it is very difficult to believe that while putting one foot in the mud, President Collor's former campaign treasurer has put the other in the dust [cocaine]. There are no facts, proofs, or witnesses against PC as a drug trafficker. But to complicate his life even further, indications have appeared.

The evidence has appeared in the form of a report by the Drug Enforcement Administration [DEA]—the U.S. agency for combating drug trafficking—that is being kept at the U.S. Embassy in Brasilia. VEJA has learned

that the report discusses suspicions that at least three aircraft belonging to the Miami Leasing Aviation firm have false bottoms, supposedly for use in cocaine trafficking. Two of the suspected airplanes have U.S. registration numbers (N800BJ and N638BA), and one has a Brazilian registration number (PT-OMC). The Brazilian aircraft is registered in the name of Brazil Jet, the air taxi company owned by PC Farias. Miami Leasing is managed by Brazilian Ironildes Teixeira, a partner of Jorge Bandeira, who himself is a partner of PC Farias.

The DEA report makes another connection as well. It says that Frenchman Guy des Longchamps, who is an international adviser to PC and a former employee of the National Bank of Paris, was investigated by U.S. police on suspicion of working for Alfonso Rivera, who is known to be a coca base producer. Actually, that investigation became public knowledge in 1986, when American journalist James Mills published his book titled "The Subterranean Empire" [O Imperio Subterraneo], in which he describes the close relationship between governments and drug dollars. The book was published in France, Longchamps's home country, and it resulted in a lawsuit by his family. Mills and his publisher, Albin Michel, were convicted of libel. They had to pay the Longchamps family 100,000 francs in damages, remove the offending sections from the book, and publish an errata. That ruling means that divulging the accusations against Longchamps in France is a crime. The book was then published in Brazil in 1989, and so far there have been no lawsuits.

Sea of Similarities

"The similarities between the names involved in PC's routes and drug trafficking are impressive," says an amazed Senator Amir Lando, rapporteur for the CPI [Congressional Investigating Committee] that is investigating PC. Deputy Moroni Torgan (PSDB [Brazilian Social Democracy Party], Ceara) feels that an investigation may be helpful. "There is much similarity between the routes used by PC and those used by drug traffickers. From the center-west and north of Brazil, they go by way of the Caribbean and end up in Miami. And always with stopovers in Colombia or Bolivia," says the deputy. No one commits a crime just by visiting Colombia or Bolivia, and it is known that PC has been to both countries. It is true that before the accusations concerning drugs were made, PC had visited Bolivia in the company of his friend Wagner Canhedo, who owns the VASP [Sao Paulo Airline], just to engage in his favorite business: to play the influential businessman from Brazil and buy shares in Lloyd Bolivian Airlines.

In that sea of similarities, Torgan was appointed by the CPI to investigate. To begin with, he was surprised at the government's negligence in controlling the sale and distribution of ether and acetone, which are used to refine coca base. "There is no control by the Secretariat of Medical Supervision," the deputy says. "I didn't even know we had that responsibility," says the secretary of medical supervision, Joao Batista Grisi. According to the newspaper O GLOBO, businessman Edvaldo Diamante, who owns the Danival Transportation Company, was pressured by individuals linked to PC Farias to haul six drums of ether or acetone from Rio de Janeiro to Ponte Rio Lacerda, in Mato Grosso, on the border with Bolivia. That accusation led PC to issue his first denial in the press last Saturday. His statement says: "This forces me to go public in the impossible task of denying what does not exist."

Airplane Carrying Cocaine

New developments in connection with drug trafficking have also come to light outside the CPI. Last week, the Federal Police were closer to discovering new evidence of links between Fabio Monteiro, Claudio Vieira's former adviser in Planalto Palace, and trafficker Augusto Morbach Neto. Morbach appears in the DEA report as the man who traffics in cocaine between South America and the United States. Fabio Monteiro stayed at the Maksoud Plaza Hotel in Sao Paulo on 30 September and 1 October of last year. The police have hotel bill No. 611311 to prove that his stay was paid for by Morbach. On that same 30 September, Morbach chartered an airplane from Transamerica to fly Monteiro from Brasilia to Sao Paulo. "He chartered my Learjet 24D," says Ernesto Mahle, who owns Transamerica. Morbach denies chartering the airplane, and Monteiro says he only flew in the Learjet at the invitation of a friend.

At the time, the Maksoud Plaza in Sao Paulo was accommodating a group of 17 people, including Colombians suspected of drug trafficking, all at Morbach's expense. The hotel bills seized by police show another link between Monteiro and the group of traffickers staying at the hotel. Those bills show that Monteiro received telephone calls from the hotel at his home in Brasilia. One of those calls was from the room occupied by Colombian Diego Palacios Gutierrez, a partner of Jose Antonio Palou, who is being investigated by Colombian police for involvement with the Cali Cartel. In April, Palou chartered a Learjet 35 from Transamerica. Two weeks later, that airplane crashed in Mexico with one metric ton of cocaine on board.

Bank Document Reveals FGTS Loss

PY2007160492 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jul 92
Economy and Business Section p 1

[By Elizabeth Lopes]

[Excerpt] Brasilia—A 5.13-trillion cruzeiros loss in the Unemployment Compensation Fund (FGTS) has been revealed by an official document issued by the Federal Savings Bank (CEF), which administers the funds. The document was requested by the workers' representatives in the FGTS Trusteeship Council [Conselho Curador do FGTS]. The loss is reflected by the non-payment—by December 1991—of loans expressed in values adjusted

for July 1992. The FGTS contributions dodged by companies have not been calculated.

Of the total payments due to the FGTS, 3.27 trillion cruzeiros involve loans for sanitation projects, and 1.86 trillion cruzeiros involve financing for housing projects. Most of these loans are concentrated in the south and southeastern regions. The Sao Paulo State Bank (Banespa) alone has about 1.7 trillion cruzeiros in debt notes receivable involved in sanitation projects.

Douglas Braga, a workers' representative in the FGTS Trusteeship Council, said this is the first time that concrete data on the FGTS loss have cropped up. The conclusions on the data supplied by the CEF will be known this week. After reviewing these data, Braga said, it will be possible to discover political favors made by using the workers' money. [passage omitted]

Government Plan for Insurance Announced

PY1807013392 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 17 Jul 92

[Excerpts] The government today disclosed the main plan for the system of insurance, capitalization, and supplementary social security.

The plan's objective is to expand the insurance market, which currently participates with only 1 percent of the gross domestic product. Within 60 days the prices of all insurances will be deregulated and freed from the control of the Private Insurance Authority, Susep, which is an organization of the Economy Ministry.

The measure is part of the main plan for the insurance market, capitalization, and complementary social security implemented by President Fernando Collor. Another measure included in the plan is the deregulation of insurance contracts, which as of January 1993 will no longer be mandatorily corrected by the referential interest rate, TR. The reference index is deregulated because the TR does not reflect, in many cases, the valorization of the insured goods.

The plan also includes the elimination of the lottery system for providing services to public organizations which will be done through biddings. (Joao Lyzio Ferral de Campos), president of the Federation of Insurance Companies, said that the deregulation of insurance prices will reduce prices for clients. [passage omitted]

With the new plan, the businessmen of the insurance companies believe that their market will go from 1 percent of the gross domestic product to 5 percent by the year 2000, with investments of $20 billion through the insurance companies to finance development.

According to Economy Minister Marcilio Marques Moreira, this plan joins the capital market and the fiscal adjustment effort. Its purpose is to increase the sources for long-range savings, and to review the participation of the state and private initiative.

[Begin Marques Moreira recording] Among the different instruments capable of bringing the changes needed, let me point out the reform of the state, which must go back to its essential function in the areas of health, education, infrastructure, and public security, freeing the economy of the vices of privileged groups and subsidies. [end recording]

Marques Moreira added that these measures are part of the modernization program of the Collor administration.

Government Grants Pension Increase

PY1907205292 Rio de Janeiro O GLOBO in Portuguese 18 Jul 92 p 1

[Text] The government decided that all the country's pensioners who received more than a minimum salary last September also will get the 147 percent readjustment granted by the STF [Federal Supreme Court] to the pensioners of the Sao Paulo metal workers union. The regulation, which will be signed on 20 July, guarantees in practice a readjustment of 37.29 percent, which is the difference between the 147.06 percent and the 79.96 [figures as published] percent already granted. The retroactive readjustment will be paid in 12 installments next year. Through this decision the government is getting ahead of the country's pensioners' future actions for their right to get the readjustment. Social Security Minister Reinhold Stephanes admitted, however, that he still does not know where he will get the 5.1 trillion cruzeiros needed to pay the readjustment. Stephanes will go to Congress next week to discuss with the parties alternate tax collection methods in order to comply with the regulation. One of the options is to increase the social security workers' contribution.

Japan To Invest $1 Billion by July 1993

PY2107025492 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 20 Jul 92

[Excerpts] Press Secretary Pedro Luiz Rodrigues has reported that the Japanese Government will invest $1 billion in Brazil in the next 12 months. Rodrigues commented on President Fernando Collor's meeting with Eximbank [Export-Import Bank] President Yamaguchi to journalist Luis Augusto Mendonca:

[Begin recording] [Mendonca] Good evening, Mr. Secretary. How was President Collor's meeting with the Eximbank president?

[Rodrigues] It was very cordial and the important thing is that, although symbolically, it marked the resumption of Brazil's profitable relations with Japan, particularly because the Eximbank had suspended disbursements to Brazil since 1985. Now that the negotiation of our debts with the Paris Club, the private banks, and, previously, with the IMF has finished, Brazil is a natural candidate

for these Eximbank resources. The Economy Ministry has specific projects for the next 12 months that total nearly $1 billion.

[Mendonca] During the Rio-92 meeting, the Japanese Government announced the disbursement of $300 million to be invested in environmental preservation projects in Brazil. This $300 million was part of a $1 billion package, correct?

[Rodrigues] No, the truth is that the package disbursed by the Japanese Government in the auspicious moment that coincided with the Rio-92 meeting totalled $2 billion. Of this, $300 million will be allocated to environmental projects here in Brazil.

[Mendonca] This means that Brazil really is resuming its development and that after agreements were reached with the IMF, the Paris Club, and the private banks, credits slowly are returning.

[Rodrigues] The economic adjustment the Collor administration has been implementing already is yielding these so-called first fruits. This policy has a hard part, which is the adjustment of an economy that had been functioning on a very loose basis and without reaching agreements abroad. All these factors made it difficult to attract capital and investments. Now the effort is being made; all sectors of our economy are being adjusted, and the country is becoming more competitive and modern. This is what attracts foreign investors: to find a place—in this case, Brazil—with growth potential.

[Mendonca] Thank you very much, Secretary Pedro Luis Rodrigues. [end recording]

Economy Minister Marcilio Marques Moreira also met with Eximbank President Yamaguchi. [passage omitted]

[Begin Corban Costa relay] During the meeting in Rio de Janeiro, the Brazilian and Japanese Governments signed letters of intent for $300 million, which will be used in projects for environmental protection and industrial modernization.

Denod Medeiros, head of the Economy Ministry Foreign Affairs Department, said this is only the beginning. [passage omitted]

Medeiros also reported that in the next 15 days, a delegation of Brazilian experts will travel to Japan to begin negotiating the project aimed at duplicating Cenibra [Brazilian-Japanese Cellulose Corporation]—a company that manufactures paper and cellulose in Minas Gerais State. The project will have resources totalling $200 million. [end relay]

Chile

Krauss Resignation Reports 'Mere Rumors'

PY2007192192 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jul 92

[Excerpt] Chilean Vice President Enrique Krauss has said that the press reports stating that he will resign as interior minister once President Patricio Aylwin returns from Europe, so as to be able to run as candidate for senator for the ninth region, are mere rumors.

According to Krauss, the idea has been suggested to him on more than one occasion. To become a candidate for the Senate he would need the approval of his party and he would need to be proclaimed candidate—the proposal would, of course, also need his own approval. [passage omitted]

Vargas Rebuts Criticism of Aylwin's Trip

PY2007192792 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jul 92

[By correspondent Gabriela Araneda at the Foreign Ministry]

[Text] Acting Foreign Minister Edmundo Vargas has refuted criticisms by opposition legislators of President Patricio Aylwin's trip to Europe.

Vargas said he finds it hard to believe that intelligent people could have made such comments.

[Begin Vargas recording] I respect these people, and consider them intelligent. Therefore I regret their lack of information on what modern international relations entail. [end recording]

Vargas added that these visits are necessary for countries such as Chile, which must make up for their geographic position with relation to international markets. He also said that the tour is being carried out with great austerity, as had been stated by President Aylwin himself.

Vargas added that the official entourage includes legislators representing the same political parties which made the criticisms.

Deputies Decline General Pinochet's Invitation

PY2007125192 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 20 Jul 92

[Text] Party for Democracy [PPD] deputies have agreed to decline an invitation to a lunch reception organized by General Augusto Pinochet for members of Congress. The reception is scheduled for August 3 at Lo Curro, the Army officers' club.

[Vicente Sota, Party for Democracy bloc chairman, identified by caption] This does not seem to be part of normal actions of a commander in chief, as the other commanders in chief do not act in the same way.

Whenever the air and navy commanders invite us, they do so in order to discuss matters of professional interest. It is our duty to be informed about such matters. Besides, there are other social receptions which are perfectly standard. We attend such social occasions organized by the commanders in chief, because they do not have political overtones. It is our considered opinion that General Pinochet is determined to stay in the limelight.

Army Regrets 'Misinformation'

PY2007191392 Santiago Radio Chilena Network in Spanish 1700 GMT 20 Jul 92

[Text] The Chilean Army's Press Department today disclosed that no PPD [Party for Democracy] legislator in particular has been invited to a luncheon with General Augusto Pinochet.

The Army thus referred to comments by Deputy Vicente Sota, who said that the legislators of the PPD bloc in Congress would not attend this event.

In an official communique, the Army states that Jose Viera-Gallo, president of the Chamber of Deputies, has in fact been invited, together with other legislators, to a private luncheon at the Military Officers' Club in Lo Curro.

The communique goes on to state that it is a shame that the purpose and nature of this meeting, which falls within the framework of military-civilian relations, has been distorted due to Deputy Sota's misinformation.

Rojas Visits UN Peacekeeping Forces in Kuwait

PY2007125192 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 20 Jul 92

[Text] Defense Minister Patricio Rojas and Commander in Chief Ramon Vega congratulated the members of the Chilean Air Force [Fach] who have successfully completed their 1,580 missions supervising the cease-fire along the border between Iraq and Kuwait. Minister Rojas formally greeted Kuwaiti authorities on his arrival. He then traveled from Kuwait City to the Camp Cord base, flying over hundreds of kilometer of desert bearing the unpleasant memories of war, the effects of oil pollution on the environment clouding the skies, and the graveyards of automobiles no longer used by the rich Kuwaitis.

When he arrived at the base, Defense Minister Rojas talked with Fach officials who are part of the UN peacekeeping contingent watching over the cease-fire between Iraq and Kuwait. These officials have completed 3,000 flight hours on six Fach Bell-UH helicopters.

[Begin Rojas recording] They are now better trained than they were when this mission started, a year and a half ago. They have been formally acknowledged by the United Nations, and the Kuwaiti Air Force commander in chief has personally expressed his deep appreciation. I regret that I did not have the opportunity to meet with my Kuwaiti counterpart, but I understand that both Kuwait and the United Nations deeply appreciate what we are doing here. [end recording]

Fruit Exports to Mexico Increase

PY1707190892 Madrid EFE in Spanish 1707 GMT 14 Jul 92

[Summary] Santiago, 14 Jul (EFE)—The Chilean Agriculture and Livestock Service, SAG, reported today that through 2 July, Chilean fruit exports to Mexico amounted to 2.37 million boxes, which represents an 844 percent increase compared with the 1990-91 season. The SAG director reported that the spectacular increase is due to the plant health agreement signed with Mexico in 1991, which turned the Aztec country into the main Latin American market for Chilean fruit. He also noted the increase in Chilean fruit exports to Venezuela, with 815,973 boxes this year, which represents a 151 percent increase compared with last year, and to Peru, with 703,858 boxes, which represents a 49.2 percent increase. But he admitted that fruit exports dropped by 53 percent to Brazil, by 26 percent to Argentina, and by 3 percent to Colombia.

Colombia

Gaviria Addresses Joint Session of Congress

PA2107040392 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2200 GMT 20 Jul 92

[Address by President Gaviria before a joint session of Congress in the Elliptical Room of the capitol building in Santa Fe de Bogota—live]

[Text] Mr. President of the Congress, His Eminence the Cardinal, Congress Vice President, Ana Milena [Gaviria's wife], Supreme Court President, Constitutional Court President, Council of State President, Higher Judiciary Council President, Cabinet ministers, Acting Commander in Chief of the Armed Forces, Generals and Admirals of the Armed Forces and of the National Police, Attorney General, Comptroller General, National Registrar, Santa Fe de Bogota Mayor, Senators and Representatives, Ladies and Gentlemen:

It is truly an emotional event for me to install the congressional sessions on this 20 July, a date that has always been a time for renewing all things that unite us, all things that have made us great and independent, as well as all things that have bonded us together as brothers in the construction of the future for our fellow countrymen.

It is that emotion that has led me to thank the God of Colombians for bringing us here. The terrible days of violence promoted by drug traffickers are behind us. The days of closed political systems are behind us. The days of subsidized economies for the benefit of a few are behind us as well.

I am doing this with the certainty that this legislative period will be aimed at improving the citizens' welfare, improving the living conditions of needy Colombians, and continuing this peaceful revolution in which we are involved, the guidelines of which I will propose to you this afternoon. The truth is that we have come a long way since we began, but we also know that a long road still lies ahead.

This administration ends on 7 August 1994, and we will continue to work to the last day to ensure a more prosperous and peaceful fatherland for Colombians of today and tomorrow.

I have always believed that our banner would be that of the future, just as it was for Luis Carlos Galan Sarmiento [Liberal Party senator murdered in 1989]. That is how it has been. There is no doubt about that. I could even tell you today, quoting Jorge Eliecer Gaitan [Colombian politician murdered in 1948]: If I move forward, follow me; if I back up, push me.

Honorable Congressmen, it is common for presidents to install congressional sessions by reading an extensive account of what has been achieved during Congress' recess, as well as initiatives the executive branch will submit to the legislative branch. Allow me to break tradition a bit so I can talk about the future, about the way we are going to progress with a new, extensive agenda of reform and change that will give hope and optimism to the nation. That will be the agenda that will guide our destiny into the 21st century. It will be the agenda that will make possible the great reconciliation among Colombians. It will build bridges between the people who have always had enough resources with which to live and those who lack the means to survive.

The radical institutional change that is being carried out, the defeat of narcoterrorism by the judicial system, the internationalization of our economy, and the generational renewal are tasks we have accomplished that are beginning to yield their results. That shows that everything is possible if a sufficient effort is made. Only work and determination, discipline and patience, imagination and optimism will turn us into a great, powerful nation of the region in a short time. We need a plan of action. No one who has fulfilled his dreams has done it without setting goals and reaching his objectives.

Our mission is to think about the Colombia we are building and the means to transform it into a more just, more prosperous society with higher growth rates, with a greater capability to compete on international markets, with a better infrastructure, with a stable economy in which everyone can have equal opportunities to a worthy job, to live under his own roof, to have land to work, to have schools and universities where he can send his sons, hospitals that can guarantee the health of his family, and a social security system in old age.

In sum, we want a country that can take care of its people and guarantee the future of the new generations. That is the agenda I will talk about today. It is the agenda of great, radical social change that will make Colombia a just and equitable society.

I must begin by saying that I do not believe the state should be a marginal entity in society that allows an invisible hand called the market to impose its rules. I am not a follower of a vicious capitalism. I do not envision the Colombian state as a weak, almost invisible state for the pleasure of scholars, but I do not believe in the virtues of a state that gets involved in everything, that intends to organize everything because it knows it all, sees it all, and commands it all. The failure of a state so conceived is known by all. It has been the event of the century. No one continues to support dictatorships and utopian socialisms that led to a Stalinist system, except for a few senseless fellow countrymen who want to justify their cowardice when carrying rifles.

We do not want an absent state or an omnipresent state. We want an efficient state.

A state that exists where it is needed, where what is important is not whether it is large or small, whether it grows or diminishes, but whether its action is directed toward social investment, toward the matters that truly concern it. I ask what good it does Colombia's poor when the state dedicates itself to administering large commercial banks instead of guaranteeing justice and social peace for citizens or building schools and aqueducts? What good does it do Colombia's poor when the state invests large amounts of human and economic resources and risks creating an enormous bureaucracy in areas where the private sector can do a better job without sacrificing the true needs of the people? We must continue to privatize ports and railroads. We must not forget that when they belonged to the state, they were destroyed. We must continue to expand possibilities for private initiative in building certain highways, in generating electricity, in garbage collection, in certain areas of telecommunications, in areas where and when it is necessary. We must, above all, be present in those areas of the country where the word Colombia appears distant and remote. That is where the state is needed with all its fundamental duties. In those places private justice is justice; education is nonexistent; health is precarious; there are no roads; there are no economic opportunities so people can earn a decent living. The agenda we have established is a social agenda. A few days ago Fedesarollo [Federation for Development] and the Ser Institute [not further identified] illustrated the insufficiency of social expenditures in the past decade. Although it can hardly be denied that poverty declined at that time, the social expenditures represent a smaller percentage of the gross national product than in previous years. This year the public social cost effort has been reactivated. We are investing much more than before in Colombians, but we have also discovered along the way that the sole means of the social expenditures is insufficient. Its composition is also important. Now we are turning our attention toward the country's poorest regions where the cost of public investment in regional development is four or five times

higher than in the most prosperous regions. We are also bolstering those efforts that have a greater impact on the people: basic education, primary health, nutrition, housing, and water. Voltaire said the Spaniards had an obscure intuition about this land they called El Dorado. We would say today that the intuition we have is not obscure, and the path leads to a better future.

In building the future, let us dedicate the courage necessary to face narcoterrorism. Let us exalt the imagination required by the constitutional reform resulting from a simple student ballot. Let us dedicate the responsibility that has characterized the handling of our economy for decades and the leadership that has turned Colombia into the Latin American country in which the per capita income has grown most during the last decade. Rest assured that the work of these eight years that are left to reach the next millennium will be the guarantee of a just and equitable growth. Let us practice social liberalism that has nothing to do with the leftist populism, or with statism or excessive state intervention.

Messrs Congressmen, for the first time in our history we face the certain possibility of working to overcome the misery of millions of Colombians. It is estimated that in this administration social investment will rescue 3 million fellow citizens from the claws of poverty. Even then, persistent efforts on the part of several administrations will be necessary to eliminate misery in the dawning horizon of the next ten years. However, I know that whatever is done in the radical transformation of the social project will be crucial to winning the most decisive battle in conquering our destiny.

The best way to greet the 21st century is to eliminate forever poverty among our fellow countrymen.

What is the nature of this social reorganization program that will require the admirable work of our congressmen during this legislative period? Allow me to present the main pillars of this program, as well as the actions scheduled to modernize our social institutions and ensure their efficiency.

I will start with our basic action: the way we have reorganized the government. Under the previous model of government, which provided services through a centralized administration, it became less and less important to increase the coverage of a service or improve its quality. It was of little concern that public resources were being used for unnecessary things that benefited people who did not need them. There was no interest in increasing the institution's resources. New investments justified new operational allotments. It was a vicious circle that seemed to reinforce a ritual: When bureaucracy ate, it was sleepy; and when bureaucracy was awake, it was insatiably hungry.

The situation has changed drastically. The first thing we did was give priority to our social investments in the sectors that most needed them. Now the first points on our agenda are: education for our young people, basic health for the poorer people, housing, and something that is basic: water. Thus, two million additional Colombians will receive basic education, six million additional poor people will receive basic health care, almost three million more fellow countrymen will have decent housing, six million will receive the benefits of aqueducts, and almost four million more Colombians in rural and urban areas will benefit from sewer systems.

Second, the government actions are intended to favor the weakest and most vulnerable among the population. We have reoriented most of our social efforts to the 13 million poorest Colombians who deserve more attention because they are the most vulnerable. We have focused our actions on the neediest. That is our aim.

To the extent possible we have also traded our subsidies to the supply sector for direct subsidies to the population, which requires the services. This concept, which seems very technical, simply means that instead of favoring the big bureaucracies so they satisfy the needs of the people, we refocused our efforts directly on the citizens, who will resolve their needs without intermediaries. Allow me to give you three examples:

Instead of constructing many child care centers and generating more bureaucracy in that sector, the government will subsidize the Family Welfare Institute's children's homes. These homes operate with mothers of the community who are not public employees. The subsidies will allow the homes to operate adequately.

Regarding housing, we have modified the system so the government will give direct subsidies to the people who require housing. The citizen who has received the subsidy will be the one who decides where and how he will use it to satisfy his housing needs.

Direct subsidies in education come in the form of scholarships. They will allow young people from low-income sectors to attend high school in the school of their choice. The subsidy covers part of the education costs, and it must be completed with savings and with time or work. As you can see, the strategy is not limited to reducing the central government's intervention with its usual paraphernalia of previous steps that hide corruption and its ever present smile. But perhaps the most important aspect of the strategy is that it bolsters personal savings, stimulates community work, and introduces an unusual amount of freedom and options. Colombians can use their initiative to meet their own needs without having to follow conventional and uniform models.

Like subsidies, the effective decentralization of resources and the reordering of priorities allows us to offer solutions to the citizens in ways that propitiate their effort and control. I will present very important programs to you. They are programs to reinforce this decentralization process and return decisionmaking to communities and regions.

Honorable Congressmen, the social reorganization program's priority is to invest in the people, in each and

every Colombian. Without this action, Colombia will be condemned to greater inequality. That is why the first point on the agenda of the social reorganization program, which we endorse, is education. We have decided to educate in order to liberate.

We will take to two million Colombians, which is roughly equivalent to the total population of Cali, an education system that was previously denied to them. We will guarantee that 95 percent of children between five and six years of age see the year 2000, that all children attend primary schools, and that seven out of every ten children attend secondary education. Through SENA [National Apprenticeship Service] we will train 1 million Colombians each year over the next four years. Colfuturo [expansion unknown], which is an endeavor of both the public and private sector, will guarantee for many years Colombian students' access to postgraduate courses at the world's best universities. I invite you to join me in setting the goal that by the end of the decade, there will not be a single Colombian without access to a college that trains him well for a competitive world.

Our second great objective is housing; to provide over 500,000 housing solutions, which is tantamount to providing roofs for the entire population of Uruguay. It is a goal we have been meeting and on the fulfillment of which we will place special emphasis over the next two years. Through the subsidy program we have changed radically the traditional concept of the building of social homes. That has permitted a rapid advancement of programs and has secured the recovery of the construction industry with its beneficial effect on production and employment. To achieve this ambitious goal in housing, over $1 billion have been invested, and almost $3 billion will be invested in the next four years, a figure that speaks for itself.

We also have a plan of action to benefit the millions of peasants throughout the country. I recall that a few days ago we visited Cordoba Department and took them some good news about agrarian reform. In that region—where pessimism is not found as easily as in some privileged sectors of our cities—the results are good news, and good news changes peoples lives. Nobody in the countryside is oblivious to what happens with the agrarian reform. In 1991 we obtained more land than the state had ever obtained in any year of the previous two decades. We will buy in these four years more than 500,000 hectares. We will establish land titles for 2.5 million hectares. By eliminating large landholdings, we will distribute 400,000 hectares and will benefit thousands of indigenous families with over 2 million hectares. In these two years, we have granted or established land deeds for 1.6 million hectares. As I said in Cordoba, to give you an idea of what has been done, that figure is equivalent to nine times the size of Quindio Department. That incredible effort at the rural level is comparable at the national level to our plans in potable water.

It is very difficult to find an element as important as water for life and civilization. As I have stated, in order to progress and flourish, we will increase by 6 million the number of Colombians who receive potable water and by 4 million those who have access to sewer systems. For that purpose we have allocated $883 million over the next four years. That amount could buy two-thirds of all our coffee exports in one year.

What are we doing and what are we going to do for the health of Colombians? In these two years we have increased the availability of health care through preventive medicine, outpatient services, and the decentralization of health services. The majority of people can obtain medicine from 1,000 community pharmacies. Through the community homes of family welfare, that friendly hand extended by the community and that has state support, has provided nutrition to 500,000 poor children under seven years of age.

For a long time the country has turned its back on culture. Nevertheless, in the face of the state's myopic gaze, Colombian culture has given birth to its giants: to Obregon, to whom we render silent tribute today, to Garcia Marquez, to Botero, to Puyana, in short, to so many Colombians who have excelled without the state doing anything in the past to stimulate culture. For the first time in history we have created a national system of culture that defines our cultural policy. We have successfully invited private enterprise to participate in Batuta and in the national reading program. We will allocate resources and invite all citizens to contribute to the culture and arts funds. We will promote new ideas.

We will promote the national permanent workshops in scenic, musical, plastic, and audiovisual arts. We will defend and preserve the patrimony, literature, cultural efforts and administration. We will create the national prizes, starting with the national prizes of culture, literature, dance, theater, preservation of the patrimony, cultural research, plastic arts, and music.

We must mention notable sports achievements during the two years of my administration. Student participation in school festivals has doubled, and it has tripled in school games. Athletic activity in secondary schools is twice what we found in 1990. It is time we made sports the target of massive effort, a local responsibility, an activity linked to education, and, above all, something that is well financed.

There is no doubt that the environment is a topic of our times. This government has assigned high priority to defining an environmental policy and to strengthening and implementing programs and projects that seek to halt and reverse the serious processes of deterioration affecting our natural patrimony, which is considered one of the richest on the planet.

We plan to develop a strategy for conserving biodiversity by doubling the resources for this goal before the end of this four- year period, as well as by creating the National Environmental Fund [Fondo Nacional del Ambiente]. All these policies will be coordinated and directed by the

Ministry of Environment [Ministerio del Medio Ambiente], a project to be considered by the Congress.

I cannot complete this list of programs without mentioning one that I consider to be the most important initiative of this government. I am referring to social security, which will undoubtedly be a priority for this legislature. For the millions of white-collar and blue-collar workers who work diligently throughout the country, our social security system is a half truth, and—in most cases—a utopia.

We have made huge efforts to improve and moralize the social security system, as well as to prevent squandering, corruption, and excessive bureaucracy. However, despite the good and firm will of various officials, the current system continues to show structural defects.

That is why I am planning to present an initiative before Congress to solve that problem once and for all. Our goal will be to create a system of individual capitalization that—together with the support of the state and the preservation of the elements of social solidarity—will provide senior citizens with dignified treatment and a just pension. In other words, we believe the millions of salaried workers of the country deserve better service in exchange for the amounts they pay every month. We will strive to make the social security system worthy of its name so the workers of this country will feel sure of the attention they will receive when they reach their well-earned retirement.

Specific actions are also required for certain groups of the population. One word serves as an umbrella for an entire group of programs that we began a few months ago. These programs seek to fulfill one of the promises I made to the citizens on 7 August 1990. It is called Promote [Promover]. Under the Promote program, we have brought together a group of initiatives that is being carried out by the Presidential Advisory Office for Youth, Women, Senior Citizens, and the Family with the support and leadership of Ana Milena

More than a group of isolated projects, Promote is the foundation for a new model of social development. Its creation was inspired by the certainty that, in a joint effort with the communities and the nongovernmental organizations, the state should serve as a guide. It should promote ideas and programs, be a catalyst, finance jointly with seed capitals; in short, it should be a true promoter of social development.

The Advisory Office promotes three groups of programs. The first is directed at the young, and the slogan is: Yes to the Future [Si al Futuro]. It includes development efforts such as the Fund for the Development of Youth Initiatives and programs to include youths in the country's economic life.

The second program is directed at the women of Colombia, and it is called Mother Courage [Madre Coraje]. It includes programs for the development of families with women as the heads of household, soup kitchens, training women for democratic life, and support for the family commissariats that protect the family nucleus.

We have also prepared for the first time in history a policy for our old people, for Colombia's elderly, with programs such as Centers of Life [Centros de Vida] and the National Corporation of Experience [Corporacion Nacional de la Experiencia]. We will invest nearly 40 billion pesos in these programs, which is almost half the current budget for the city of Medellin.

Just as we are thinking about the senior citizens, we must also think of the young. Accompanied by the good people of Ciudad Bolivar in Bogota, on 15 July I had the opportunity to announce an action plan for children that will channel investments into the fields of health, education, special protection, preventive protection, water, and basic sanitation. In addition to complying with our international commitments and applying the constitutional principles, with this plan we will very soon be at the vanguard of Latin America in this field. We have brought children into the core of the peaceful revolution.

Victims of violence are a basic part of the social reorganization. Everyday in our country there are treacherous guerrilla attacks, extortion, crimes, and other expressions of violence that produce death, orphans, poverty, people fleeing from the country and leaving behind their well-earned property and loved ones. The victims of violence are uprooted and left with a formidable aftermath of horror. This is a sorrowful, recurrent process that justifies special attention from the state.

The Social Emergency Fund [Fondo de Emergencia Social] will take care of the most vulnerable, those who are left abandoned and totally unprotected or who are suffering as a result of violence. The fund will also take care of the indigent, the poorest among the poor, the most forgotten among the forgotten, and it will provide thousands of old people, youths, and children with possibilities in the paths of their lives.

It will help these people who have nothing—no family, no home, no job—people who wander down the streets and roads of Colombia, who sleep under bridges, on sidewalks, and in sewers. We must provide them with an answer in which we will bring together the efforts of private groups, of civilian groups, and of the nongovernmental organizations with the efforts of the government institutions that have the obligation and duty to help them.

The National Rehabilitation Program, PNR, has increased its coverage to 100 additional municipalities. It is currently a strong instrument to coordinate community actions and government efforts in areas of social conflict and violence. The PNR has also carried out special programs, such as the ones to help the peasant regions, which have been negatively affected by poppy, coca, and marijuana crops.

We require a great amount of resources to attain all our objectives. A few years ago, the government invested ten cents of each peso to the social sector. Now, we want to allocate a fourth of this peso to improve the living conditions of Colombians in the areas we have described. We have estimated that the social reorganization will cost in these four years approximately 10 million pesos, which is a sum equivalent to what all the Colombian state spends in one year. No sum is too much when it involves saving from the claws of misery, the future of millions of our fellow citizens.

A large amount of the required funds will come from the resources generated by the tax reform, which was approved by Congress during the past legislative period. If we focus our social expenditures on the most needy, each poor Colombian will receive services amounting to one million pesos during this administration. This is an enormous amount for most Colombians and they have a right to demand that the social reorganization program be efficient and that it produce well-being.

Honorable congressmen, friends: To invest in Colombia with the social reorganization program I have described, will prompt economic growth and the satisfaction of the Colombians. The result would be superior to all our expectations if this action were to be accompanied by peace. Social and economic growth has not been disrupted despite the violence in the country. Thus, it does not require a great deal of imagination to visualize what Colombia could do if it had peace.

Let no one doubt that another one of my main concerns is the search for peace. We have to advance. We have to consolidate and defend our attainments in the demobilization of guerrilla groups. Departmental and local authorities, guilds, unions, and all social organizations have to make a deeper commitment and have to work actively to develop security programs.

We have the mechanisms to do this. We have the departmental security councils. The government reformed the organization and functions of these councils. Their main task is to design security programs for departments and municipalities. In this respect, I have to emphasize that although it is important to design and carry out programs, it is more important that the programs receive all the citizens' support. In this framework, the government has already given its renewed support to this process.

We will continue to prepare our Armed Forces for whatever may come. We have come a long way. We have improved the conditions of soldiers and policemen. We have formed two new mobile brigades and we are currently forming another one. The government has already started the process to form a new brigade to strengthen our infantry soldier force in such conflict areas as Arauca and Casanare. We will also form new antiextortion and kidnapping units.

Colombia, the government, the congress, the entire country have created the conditions for peace in the past years. The Constituent Assembly, the political opening, the PNR, and the social reorganization are the doors we have opened to attain peace. These are clear examples of the generosity of Colombians. Citizens observe every day that a huge criminal enterprise hides behind the cloak of guerrilla warfare. The weapons and the violence do not further Colombians' desire for change. We will not insist on unproductive dialogue. We will only accept a frank dialogue; one that has the specific goal of attaining the guerrilla's demobilization. Only on those terms, will the government accept dialogue again.

Allow me, before ending, to make a short reference to the topic of internal disturbance. If we had to live the 9 July situation again, if the possibility that almost 1,000 dangerous criminals would walk the streets again, I would again decree internal disturbance to avoid such a thing. I know my position is supported by more than 30 million good Colombians, you among them. It would have been totally absurd if all the efforts to produce special laws against drug trafficking and drug terrorism ended by determining that these laws could not be enforced. The transitory articles of the criminal code establishes a 10-year period to show its effectiveness. To allow such a state to prevail would have meant that I relinquish my responsibility to preserve public order and to surrender all my ideals that have made it worthwhile for me to be here with you to build tolerance, justice, progress, and peace. Thus, after studying all the alternatives, I saw no other way out and I declared the state of internal disturbance, while respecting the Constitution. I will not delve in the reasons contained in the report I sent to the chambers authorizing them to exercise legal political control in the new attributes granted them by the Constitution. I will heed their conclusions, as well as their decisions, regarding the bill that the government will present to the congress. This bill gives permanence to the rules contained in Decree 1156 of 1992. This bill is so important that I ask you respectfully to give it the priority it deserves. Justice would be endangered by the release of the most dangerous criminal in the country and of the people who are allegedly to blame for a war we have left behind and want to bury in the past.

Undoubtedly, the country is entering a new institutional era. Starting with the 1991 Constitution, this Colombian society is like a traveler that is marching with new baggage to conquer the 21st century. The Constitution, however, needs the government and the Congress to make every effort to promote laws and to stop our efforts from becoming only good intentions. If it is true that the efficiency of the Constitution does not depend on the decisions made by Congress, it is also clear that the most important democratic institutions will only start to work effectively when they are legally constituted.

We have set certain priorities in the agenda and these were approved by the political forces represented in the government. I hope opinion makers, who made the 1991 Constitution possible, will share this point of view.

You are well aware of the topics. I merely want to stress that the magnitude of this task allows us to say that Congress is faced with an historic task. Everyone knows this effort requires a consensus and a broad political base. Therefore, a few days ago I reshuffled my cabinet, not only to balance the participation of parties and political groups that agreed to join the government, but based rather on a political agreement that will guarantee the commitment to face and solve the most pressing national problems.

The first of these problems is the defense and development of the 1991 Constitution as it is essential to political action and to the task facing the government and the people. That is why the forces that make up the government, complying with the political agreement, have vowed to defend the Constitution, its democratic meaning, and its national spirit. Those forces, which represent the country's main ideological and political currents, have committed themselves to the nation. They will join the government in drafting and promoting a legislative agenda to strengthen social investment and continue the struggle against corruption and drug trafficking. They will also promote justice, defense, security, the economic and territorial regime, Colombia's international image, and, of course, the transition to the new constitutional order.

The political goal of our plan is to create a new Colombia. The government is sure the patriotic scope of these projects will be supported by the forces that have decided to engage in politics outside the administration. Those forces will contribute with intelligent and just criticism which will enrich the national spirit of our political arena and of this legislature in particular.

Mr. President of our National Congress, Mr. Vice-President, Honorable Colombian Congressmen; we were told three years ago that it is impossible to prevent bombings. We will die in the rubble.

However, through our efforts, courage, intelligence, and imagination we ended the night of terror that saw the slaughter of Galan, Jaramillo, Pizzaro and thousands of honest Colombians. We strengthened justice and advanced to a new stage of our national life.

Scarcely two years ago our country was debating the possibilities and advantages of proceeding with a new economic program. We were told we were going to destroy our means of production. However, during the first half of my term employment grew considerably, disproving those who feared the ghost of massive unemployment. In the second half of this administration the economy will show a marked improvement with growth rates estimated between 5 and 6 percent yearly. There will be one million new jobs, and I am sure that the problems resulting from this employment wave will be overcome. In 1994 the unemployment rate will be lower than when this administration took over.

After several years of continuous recession, private investment has grown in the last 6 months despite power rationing. This year it will grow to its highest rate in the last 10 years. The fear of our new programs has been replaced by new investment that will create more jobs.

We were also told that it is not possible to change institutions. They have existed in one way for so long, why make such useless efforts? But the people showed us the way. We had the courage to follow that path, and today we have a new, more open nation that groups us all together.

Now some people ask, after all this ado, if anything has changed? Yet everyday we see the hand of the Constitution breaking bonds, opening windows that had been shuttered for too many years.

Just to give you an example, we have the attorney general, a brave man, an example of civic valor and decency for all Colombians to see. I also point out the Attorney General's Office, which did not exist years ago. Now it guarantees that criminals will go to prison and will remain there under the due process of law. Today we are being told that we are condemned to backwardness, poverty, and underdevelopment. I have the strength of the conviction generated by this social reorganization we have undertaken, and it is beginning to show its first results. I have faith that rises from having believed in this country a hundred times. I was never mistaken in saying that Colombia can achieve everything because it has the people necessary to do it.

I want to tell you of my greatest conviction: We will prevail. We will prevail very soon because we know the enormous value of work, and because Colombia's God is great. Also because we will not waiver on this path to the future. We have undertaken a peaceful and silent revolution, shoulder to shoulder, partners for better or for worse. More than 30 million Colombians want to see their children born in this great land of our forefathers. Thank you.

Government Protests Nicaraguan Claims

PA1807022292 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 2300 GMT 17 Jul 92

[Text] Once again, Nicaragua has claimed sovereignty over the Archipelago of San Andres and Providencia, thereby reviving an old dispute. A map similar to the one shown on screen was distributed on 17 July in Nicaragua. It has a controversial element. It includes the islands of San Andres and Providencia as part of Nicaraguan territory.

This claim was made before by the government of the Sandinist revolution. It appeared that the dispute was closed in view of such evidence as the Barcenas-Ezguerra Treaty, in which Nicaragua recognized Colombian sovereignty over the islands.

The Nicaraguan Government received a letter of protest from the Colombian Foreign Ministry this afternoon.

Ecuador

Cabinet Appointments, New Ministries Created

PA2107030892 Madrid EFE in Spanish 0129 GMT 21 Jul 92

[Text] Quito, 20 Jul (EFE)—On 20 July, Sixto Duran Ballen, the conservative president-elect of Ecuador, completed the appointment of his cabinet, which is formed by well-known businessmen. He also announced the creation of two new ministries in addition to the present 12 cabinet posts.

On 10 August, when Duran Ballen is inaugurated, entrepreneurs Roberto Dunn Barreiro, Mario Rivadeneira, Andres Barreiro, Mauricio Pinto, Pedro Lopez, and Eduardo Pena will occupy the Ministries of Government (Interior), Finance, Energy, Industries, Public Works, and Education, respectively.

All of them worked with the president in his electoral campaign and are important shareholders or top executives in the field of commercial aviation, automobiles, imports, textile, and construction industries. Some of them have also been presidents of various business organizations.

Duran Ballen also announced the creation of the Ministry of Information and Tourism [Informacion y Turismo] headed by businessman Pedro Zambrano and the Ministry of Urban Development and Housing [Desarrollo Urbano y Vivienda] headed by businessman Francisco Albornoz.

Duran Ballen also appointed diplomat Diego Paredes (foreign minister), General Jose Gallardo, current army commander (minister of defense), Alfredo Corral (labor minister), Mariano Gonzalez (agriculture and livestock minister), Leonardo Viteri (public health minister), and Mariana Argudo (social welfare minister).

The president-elect also appointed other persons to important positions: Jose Vicente Maldonado (minister secretary general of the administration), Ana Lucia Armijos (manager of the Central Bank), and Pablo Baquerizo (president of the Monetary Board).

Analysts feel that after four years of the social democratic administration of President Rodrigo Borja in which ideological principles were important in the adoption of economic decisions, the new administration seems to be heading toward pragmatism and privatizations.

Social Democratic Deputy Jorge Zavala said the new government "is formed by an economic group that is well-known in the country, which means the main leaders of the production chambers (of the entrepreneurs) are happy."

Meanwhile, the appointed foreign minister confirmed that Duran Ballen will travel within the next few days to the United States and Spain, but he did not specify any dates or agenda.

Paraguay

PLRA Head Backs U.S. Envoy's Stance on JEC

PY2007154292 Asuncion ABC COLOR in Spanish 19 Jul 92 p 14

[Text] Referring to the U.S. ambassador's announcement that he will withdraw his aid from the JEC [Central Electoral Board], Juan Manuel Benitez Florentin, president of the PLRA [Authentic Radical Liberal Party], has stated that "I fully agree with the remarks made by Ambassador Glassman in that all sections of the JEC should exercise adequate control of all political parties, in order to guarantee clean elections."

Benitez added that "this control implies compliance with the Electoral Code, which establishes that the JEC must be made up with representatives or members that have been proposed by the political parties, in accordance with their electoral strength and importance."

"At this time we only have two members on the JEC, and one of them has not yet been confirmed by the executive branch. Ambassador Glassman's position is fully shared and supported by the PLRA," Benitez said.

Peasant Leader on Alleged Guerrilla Training

PY2007213492 Asuncion ABC COLOR in Spanish 19 Jul 92 p 9

[By special correspondent Juan Jose Perez von Schmeling]

[Text] Cleto Romero, Caaguazu—Peasant leader Feliciano Velazquez has confirmed that last year peasants received clandestine instructions from the Popular Democratic Party [PDP] to carry out subversive activities against police. He noted that last week he handed over to Authentic Radical Liberal Party Deputy Celso Velazquez documents (books and magazines) that reveal the subversive activities. This political trend made some 100 families give up their decision to join the PDP led by Sixto Pereira and Adalberto Benitez, among others.

The remarks by one of the peasant leaders who showed his concern about the social situation in Cleto Romero confirm the charges made by Deputy Celso Velazquez. He said: "No one believes his remarks to the press, but the deputy told the truth and he is well aware of the peasants' problems. He said that when the deputy visited them they told him the whole history, but he did not believe them. Then I decided to show him the document. Everything he said is included in the book."

The peasant stated that last week and on 17 July he delivered to Velazquez all the documents describing the

guerrilla training to confront police. The peasant said: "Any illiterate person can easily understand these books because they clearly explain the way to confront police. They also explain how to organize individually. Before giving up these principles, we were part of the group, through the Churches Committee, disregarding the political leanings."

He said that as soon as the peasants had the opportunity to obtain land, the PDP appeared and the political problems emerged. "All this caught our attention." We started an investigation and realized that the intentions were not good at all. We asked ourselves what we could do against the police with our arms and clubs.

The peasant noted that political leader Pereira distributed the books and made them starve in order to blame the government and the Agrarian Reform Institute [IBR] president. He said: "Pereira and Benitez are the only responsible ones."

During the interview held in the middle of the forest, the peasant leader said that PDP members sought to create sort of small farm in the zone and a village because they did not care about preserving the forests. He said that they also planned to form a cooperative to store all harvested products. "What surprised us most was that we had to cultivate the land but we would not own them. In light of this situation, we decided to cause the problem, because we just want land to cultivate."

The peasant leader said: "We were compelled to react against them and their ideology, for which reason we decided to withdraw from them. The people who did not attend the meetings could not take part in the group. Benitez, Pereira, and a man called by the surname of Flores almost always addressed the meeting. Six people were in charge of the guerrilla training and organization. Everything Celso Velazquez said is included in the book. They used a blackboard to explain to us the way to confront police."

He said they held the first meetings in the Cleto Romero church, then in Juan de Mena town as members of the Churches Committee, but when the situation worsened they were forced to hold the meetings in the forest. "Nearly 250 adults attended the course, of which some 120, including me, withdrew from the group because we disapproved of their political principles. This decision thwarted their plan to form a guerrilla group, the cooperative, and the small farm. The books were only delivered to the most capable people."

Velazquez said that he saw automatic rifles in the possession of some PDP peasant leaders. He said: "Pereira brought the weapons. On one occasion they tried to expel us from the land, but we decided to resist because the IBR had purchased the land to divide in lots and deliver to the landless."

ABC was unable to contact Pereira and Benitez to clarify Feliciano Velazquez' statements.

Leftist Groups Issue Statement, Warn of Violence

PY1807193592 Asuncion HOY in Spanish
18 Jul 92 p 4

[Text] Communists and other national leftist peasant organizations have warned that the enforcement of the new constitution "will result in violence." The signatories to the note also call on "all national democratic and popular sectors to struggle for the destruction of reactionary positions..."

In a report issued to the people, which was also submitted to Jose Antonio Moreno Ruffinelli, president of the Chamber of Deputies, Marxist organizations also criticize the "restrictive democratic model supported by the current government headed by General Andres Rodriguez."

The note, which was issued in view of recent statements made by PLRA [Authentic Radical Liberal Party] Deputy Celso Velazquez, chairman of the Chamber of Deputies Agrarian Reform Committee, is signed by the Self-Summoned Paraguayan Communist Party (PCPA); the Paraguayan Communist Party (PCP); the Homeless Families' Committee [Comite de Familias Sin Vivienda] (Cofasivi); the Popular Democratic Party (PDP); the National Peasant Federation [Federacion Nacional Campesina] (FNC); the Assembly For the Right to Life [Asamblea por el Derecho a la Vida] (Adavi); the National Coordinating Board for the Struggle for Land and Housing [Coordinador Nacional de Lucha por la Tierra y la Vivienda] (CNLTV); and the Paraguayan Liberation Movement (Mopali).

This report issued by these groups states that "they are well aware of what traditional political parties stand for and their false promises to peasants." Through the disclosure of their positions, leftist organizations are corroborating the charges made by Celso Velazquez.

The leftists add: "Despite the modest achievements made by popular organizations," these groups have been able to promote "almost 100 peasant settlements in 3 years; 43 illegal occupations of urban properties in the AMA [expansion uknown], and other achievements."

They add that "these achievements may increase and may become unbearable to the oligarchy and their supporters at a given time." The note states that this is what is expected to happen.

The report adds that "the geopolitical doctrine of low intensity conflicts [conflictos de baja intensidad] (CBI) is fully in force in this day and age. This doctrine is based on two important principles: to achieve the moral defeat of the enemy (they are the bad ones, the thieves, and violent ones, etc.; we are the good ones); and to impede the insurgents from expressing themselves through the disruption of their organizations. Instead of recognizing peasants as an important force that helps achieve national development, as is recognized throughout Latin America, this doctrine upholds that peasants who

struggle for land are the "enemy." These ideologies made in the U.S.A are indeed truly "civilized." [quotation marks as published]

The communique, which is signed by groups rather than individuals, states that "there is an increasing social pressure on conservative sectors which are still able to withstand this pressure." It adds that Celso Velazquez "is being used by these conservative sectors to foment repression."

Commander Denounces Presence of 'Manipulators'

PY2007211892 Asuncion ABC COLOR in Spanish 17 Jul 92 p 2

[Excerpts] Army Commander General Humberto Garcete on 16 July said there are "manipulators of the public," but did not specify them. In a clear allusion to the constitutional article forbidding President Andres Rodriguez' reelection, Garcete said "Rodriguez' promise does not need either laws nor clauses to confirm it." He terms unjustified "the doubts cast on his words." He stated: "There is no longer room in our country for those who want to impose messianic adventures or totalitarian restorations on people."

Garcete told his fellow Armed Forces comrades: "Let's be just and consistent in appraising events." He added: "Let's ignore those who manipulate the public in an attempt to distort the events with the hope that they will help them meet their political objectives." Garcete did not specify the manipulators. He said this during the speech he made at the RC4 Aca Caraya Mechanized Cavalry Regiment to mark Paraguay's Army Day. The ceremony was attended by President Andres Rodriguez, senior military officers, and ambassadors. [passage omitted]

Garcete reaffirmed that the Armed Forces' loyalty does not accept double interpretations "in favor of the personal interests of groups or persons." He said that nobody has the right to present the Army or the Armed Forces as institutions disconnected from the nation's life, "as enclaves of power disassociated from the nation, like sort of a state within the state."

He stated: "The one who tells this lie to the public is maliciously and severely distorting the Armed Forces' true significance."

In another passage, Garcete stated that "frequent temptations from outside sometimes have a regrettable connotation, because they claim we seek to meet strange objectives and ambitions. Intemperance, impetuosity, and messianism are bad advisers that should be ignored. History records many examples of those who were seduced by these attitudes that seek to cause great harm to our fatherland." [passage omitted]

New Integration Minister Appointed

PY2107001892 Asuncion ABC COLOR in Spanish 17 Jul 92 p 2

[Summary] Horacio Galeano Perrone, who was replaced as education and worship minister, has been appointed integration minister. He also has been entrusted with the position of secretary general of the presidency until the government fills that position.

Peru

Fujimori on Peace, Struggle Against Terrorism

PA2007204392 Lima Radio Programas del Peru Network in Spanish 1800 GMT 20 Jul 92

[Report by Maritza Lopez]

[Text] Peace and development will only be achieved if we put all our capabilities at the service of the country, stated President Alberto Fujimori, who added that this demands an orderly and intelligent use of public forces to join efforts with the population and annihilate our common enemy: terrorism. The president stated this in a speech at Las Palmas Air Base, on the occasion of Air Force Day and the 51st anniversary of Captain Josefat Abelardo Quinonez's martyrdom. Fujimori also said that the demented attack that occurred in Miraflores pleads even more for the Armed Forces to wage an all out war against sedition.

[Begin Fujimori recording] Peru's greatest problems require a better use of all its resources—human, natural, and technical—to achieve a common goal. We must optimize our forces and fully rationalize all our capability. Only by correctly using all our infrastructure will we be able to counter those problems with satisfactory results. Peace and development are two goals we will achieve if we fully dedicate ourselves to this task.

Consequently, we require the most organized and intelligent use of public forces to join efforts with the population. Intelligence, civic action, and speed are weapons we recognize in you, and they are the most effective and overwhelming against our common enemy. [end recording]

Minister Bolona, Others on State of Economy

PA2007161192 Lima Radio Programas del Peru Network in Spanish 1400 GMT 18 Jul 92

["Saturday Focus" show, hosted by Dennis Vargas Maria, with Economy Minister Carlos Bolona Behr; economist Manuel Romero Garo; Jorge Gonzalez Izquierdo, dean of the Pacific University's School of Economy and president of the Lima College of Economists; Dr. Rafael Villegas, president of the National Confederation of Private Business, Confiep; and Rafael Quevedo Flores, a representative of La Libertad Department's Chamber of Commerce; in Trujillo—live]

[Excerpts] [Vargas] We will start our program with an interview. Good morning, Mr. Minister.

[Bolona] Good morning, Dennis and the people of Trujillo, of whom I feel a part because my parents and other relatives were born here.

[Vargas] Good. This means that, to some extent, we are in your homeland, which always welcomes you warmly. My question is this. What do you think of the handling of the economic program over these past six or seven months? Have the objectives proposed by you or the government been achieved? In short, how would you describe the economic situation?

[Bolona] Briefly, I can tell you we are within the economic goals we had in mind. Inflation has been reduced. It is now within 3 to 4 percent of the planned figure. It got a little higher in March because of the IGV [general sales tax] problem. We are in the process of reducing and controlling inflation. Regarding the fiscal deficit, we have the situation under control. We are not spending more than we have. Our expenses do not equal our revenues.

Since April, we have had to make additional fiscal adjustments to give ourselves some leeway. International reserves have increased to $1.5 billion. We expected greater economic growth during the first semester, although the recession has been much stronger than we thought for a number of reasons. One of these reasons is a natural phenomenon, El Nino, which caused drought in the south and floods in the north. This has seriously affected the fishing and agricultural sectors. Electricity rationing is affecting industry and others who rely heavily on electrical energy. International prices, key prices, and rates of exchange and interest have affected the mining sector, particularly in the first quarter.

In other words, growth slowed considerably in the first semester. Some recovery is anticipated in the second semester. In a year when we expected to grow by some 3 percent, we will have to content ourselves with growing by 1 percent or even less. The reduction can be broken down like this: 1.1 percent is because of natural disasters, another 1 percent is because of electricity rationing, and some tenths of a percent were caused by problems in the transportation sector. [passage omitted]

[Vargas] Let us return to the previous subject, Mr. Minister.

[Bolona] We are controlling inflation and have increased reserves. The treasury has been handled rather strictly. We experienced recession in the first semester for the reasons we mentioned. Instead of growing 3 percent, we lost one point to natural disasters, another to electricity rationing, and several tenths of a percent due to problems in the transportation sector. We expect a slight recovery during the second semester.

Regarding the exchange and interest rates, which are key elements of the economy, the exchange rate, which lost parity in the first three months of the year, was in the process of recovering in the second semester through a change in the issuance policy. Not only will this policy be fixed on the anticipated inflation, but there will be a minimum on the exchange rate. This adjustment has yielded considerable results in reducing the interest rate. Regrettably, this interest rate increased again due to the loss of liquidity and the (?fluctuation) of foreign currency in April. We expect to lower the interest rate again in the coming weeks. We should have an outline in a couple of weeks. As for structural reforms, we have progressed on foreign trade, labor, and AFP [expansion unknown]. We will now consider social sectors, such as education and health, which I think are of vital importance.

These are some of the factors that have to be outlined regarding stabilization programs and structural reforms. The opportunity for reinsertion was nearly closed for us in The Bahamas. It was very clear in the original resolution that Peru would replace Haiti. The door to reinsertion was almost closed to us, but, somehow, it stayed open. We received Inter-American Development Bank [IDB] disbursements for highways and foreign trade, which otherwise would have been very easy to block. The second IDB portion, $50 million, was disbursed on 17 July and has already been deposited at the Central Reserve Bank. Next week, $50 million, Japan's cofinancing with IDB, this is to say, the Japanese portion of the support group contribution, will be received in Peru. By next week, $100 million from IDB will be available.

We hope to have the suspension of financial loans lifted prior to the end of November and December. The sooner the better. This is our balance, which has had positive and difficult times. [passage omitted]

[Vargas] Jorge Gonzalez Izquierdo, senior member of the Lima College of Economists, will ask the next question.

[Gonzalez] Good morning to those present and to the Peruvian friends who are listening to us. Due to the radio program's time restrictions, I would like to make a general comment and then ask the economy minister two questions. His answers, I believe, will allow some of us to have a clearer view of what we can expect in the near future.

My general comment is that I do not feel the country's economic situation is as positive as the minister claims. I believe reality gives us an infallible, unappealable, and incorruptible verdict.

We see, for example, that the economic program has been implemented for 22 months—almost 23 months and very close to two years—and the rate of production indicates the recession has not slowed and is even getting stronger. It has gotten worse in the last three months of this 22-month period. Please note that it is normal for

production to fall when a stabilization program is initiated. It is not normal, however, for production to continue to fall during the last three months of this 24-month period. This indicates that either the program is not working or its implementation is not being carried out properly. The rate of production is evidence of this.

As the minister stated, we know the drought had a negative impact on the agricultural sector. We are also clear about the effect of the increased electricity rationing, which started in May and was especially stringent in June. I, however, believe these are complementary factors that had a lesser impact on the fall in production.

Let us take another indicator: inflation. During the first six months of this year, we noticed that the inflation rate has been very rigid. We are talking about an average 4 percent inflation rate a month. We can, of course, say we had a 60 percent inflation rate 22 or 23 months ago. We applied shock treatment, not gradual treatment, in Peru. We applied an anti-inflation shock treatment and 22 or 23 months later, we still have a 4 percent inflation rate. I say this is a rigid behavior and not a victory. Two conditions continue to prompt this inflation. First, the existing recession, which in other circumstances would have already been reduced to 2 or 1 percent. Second, a drop in the dollar value....

[Vargas, interrupting] [Words indistinct] question, Dr. Gonzalez Izquierdo.

[Gonzalez, continuing] ...because inflation will decrease when it recovers.

The following are my two questions: First, in the minister's opinion, what factors will determine the value of the dollar on a short-term basis in our country? Second, what factors does he think will determine the behavior of prices based on the rigid monthly inflation rate, the recession, the restrictive monetary policy, and the long-term under par dollar value?

[Vargas] The minister will answer.

[Bolona] I would like to point out the following. I know my friend Jorge Gonzalez Izquierdo does not have a positive outlook of our accomplishments. I, however, want to point out the following to him. If we study experiences in other countries, we will note that it took Chile four or five years to reduce inflation and start to grow.

[Gonzalez] It was done gradually.

[Bolona] I do not believe it started out gradually. It took Bolivia two years, Mexico three years, and so on, to do this. The belief that we can reduce inflation in a six-month period is a textbook case study and the appropriate attitude for people in college. In the real world, inflation is indeed the hardest thing to reduce and we have brought it down to the average level of the past 10 years. During this period, we had an average 3 to 4 percent inflation rate. I do believe it is important to note that we have acheived the stabilization of the inflation rate and have maintained it at 3 to 4 percent for the past several months.

I recall that when the inflation rate was approximately 7 to 9 percent in June 1991, it was said inflation was frozen and we would be unable to reduce it. People said: Nothing can be done. Inflation is frozen and impossible to reduce. We, however, reduced it. How did we overcome the negative expectations when we clearly had a fiscal deficit and when the education and health sectors went on strike? Everybody said: This is the end. The fiscal program will have to be thrown out the window. We said we can only pay so much and the government maintained its position. This, of course, eliminated the negative expectations regarding inflation. We were able to reduce inflation.

We will have to continue defeating negative expectations by reducing inflation further, but this will become increasingly difficult. To reduce the rate to 2 to 3 percent is difficult, but it will be even more difficult to reduce it to 1 percent. We should not forget the experience of the UK. This country reduced its inflation rate from 18 percent to 10 percent easily or relatively easily. It has been very difficult, however, to reduce its inflation rate to 3 or 4 percent a year.

This is what we have to see. What is important is that we continue to reduce our inflation rate and that we continue to control the rate of inflation. We want to reduce it to 2 percent. I do believe the reduction has been an important advancement. It is a mistake to say that with the existing recession, we should have been able to reduce inflation further. During the 1988-90 recession, when we had a negative 8 percent growth rate every year or at least in those two years, inflation rose from 1,000 to 3,000 and to 5,000 percent.

A deeper recession should not necessarily lead to a lower inflation rate. That is a contradiction. It depends on the handling of many other factors. I also believe it is important not to make a simplistic observation and say that because there is a recession, inflation has to drop. We have experienced worse recessions and we still had hyperinflation. We have to be very careful with that.

As for recessions, we know there are significant problems adversely affecting the economy. We are facing problems of natural disasters, power rationings, and we are also facing adjustment problems. This is normal. Experiencing these type of problems is normal. The truth is that we have some room to maneuver to recover in the fiscal sector. We do have possibilities for a recovery and for stimulating some sectors. That is what we need to do. I repeat, these things take time.

What factors come into play to determine the dollar exchange rate in the short-term and what keeps the inflation rate from dropping? Let us talk about the inflation rate. We definitely have not yet liberalized the entire economy. What is happening in the health sector, which is experiencing an inflation rate at least twice as

high as the average inflation rate? Imported medicines at cheaper prices were not allowed in the country. It was only until recently, after over 20 months, that we were able to open up medicine imports. There are very big interests in this. The same thing happened in Chile. It took years to separate from the big interest groups in the pharmaceutical field. It is a huge, powerful field.

As for the food and agriculture field, when we start importing goods that can contribute to lower prices, we find other types of problems, such as contaminated imports, pink worm, pointed worm, and so on. This is the type of thing we must correct.

We must also solve problems with our utility services. We must stop creating false expectations. If the people have been fooled by hyperinflation for 10 years, it is logical for them to wonder how this problem could be solved during these last two years. That is what I can say about the inflation rate. Those are some of the reasons why it is difficult to break our current inflation rate and reduce it.

As for the things that determine our short-term dollar exchange rate, there are definitely different factors at work. We are facing a structural problem that is adversely affecting us—drug trafficking. It is difficult to estimate how much money is entering the country. The entry of capital is another short-term factor. We are talking about the repatriation of capital, the entry of private capital, some $110 million, as well as the entry of capital from the public sector, which could be even higher. We definitely have an excess of dollars entering the country. Not only that, but the repatriation of private capital had reached a monthly rate between $110 million and $120 million. This rate went down to zero and it was even negative in April. These figures currently stand at some $40 million in May and $90 million in June. We are once again reaching a point in which there is a large entry of dollars into the country, which obviously also adversely affects our dollar exchange rate. The dollar exchange rate is one of the factors that, I believe, we should bear in mind.

[Vargas] We now have Dr. Rafael Villegas, director of Confiep [National Confederation of Private Business]. Good morning, Dr. Villegas.

[Villegas] Good morning. It is difficult to make comments following the well-versed ones by Romero and Gonzalez. However, I am going to make some specific statements. It can be taken for granted that the majority of people in the country generally agree with the handling of the national economy. However, we have not come here to praise the minister. We are here to make comments.

[Vargas] Questions as well.

[Villegas] Yes. There is something the productive sector is concerned about. We are talking about the stability of norms. This government is failing in what all governments have failed. In 10 years we have had 11 tax reforms or 10 tax reforms in 11 years, I am not sure which of the two. The government is now announcing further tax reforms. It is all fine, but it should be done immediately. The government has been in power for two years and we still do not have a concrete tax reform law. They continue to talk to us about taxes that will come and go. They talk about taxes that will be eliminated, about technical taxes that will be maintained because the Treasury needs money, but will one day be eliminated. They will be eliminated some day, they say. In addition, they are playing around with the productive sector with regards to the Andean Pact. The productive sector is not sure if we are staying or leaving the Andean Pact.

The minister is going to Paraguay and talks about the Mercosur [Southern Cone Common Market], and I believe it is fine. Everyone who owns businesses that depend on the Andean Pact are anxious. The minister should decide once and for all if we are staying or leaving the Andean Pact because, we, the productive sector, need to know we can readjust production.

Regarding the rates charged by the public utilities, I believe they are going too far. The gentlemen from Sedapal [water company] have mentioned some control mechanisms, but the truth is that the Sedapal gentlemen and those from the power companies have their own ways of coming up with very special rates. The things that are being done with the electricity rates have no justification.

As for Petroperu [State Petroleum Agency], we must not forget that the government gets two-thirds of the price of gasoline. Therefore, when they talk about taxes, that is very debatable.

I am going to make two very specific questions. It is something I have wanted to know for a very long time. What is Peru's GDP? Why am I asking this question? The minister has been talking to us about tax revenues amounting to nine percent of the GDP. Taxes should theoretically yield around $5.4 billion. This means the Peruvian GDP is $60 billion. Actually I have serious doubts and I believe many people have serious doubts. I would like the answer to this question and the second and last question is: What is being done to improve the collection of tax revenues? I believe (Mr. Stelle) is doing an excellent job. I believe it is a good idea to shut down stores that do not pay their taxes. I believe it is a good idea to curb tax evasion. Confiep is carrying out a campaign to encourage people to pay their taxes, but what is being done to improve our internal revenue administration? What is being done to make 480,000 businesses to begin to pay their taxes? Those are my two questions.

[Vargas] Thank you Mr. Villegas. Economy Minister Carlos Bolona answers the question.

[Bolona] There are several questions here that are very important: the stability of norms, tax reforms, and the Andean Pact. As for tax reforms, we are not going to pass

a huge set of laws that will change the entire tax collection panorama. I believe the tax reform program has already been implemented. The actions we have taken can be seen since April 1991. What are we talking about? We are talking about four different taxes. We are only talking about four taxes: the IGV, tax on income and assets, selective tax on consumption, and import duties. Those are the four major taxes and all the steps that have been taken since April 1991 to date have been taken with those four taxes in mind.

And what do we want to achieve with the IGV? A rate that could range... [pauses] that could be 16 or 18 percent depending on the yield we get. We do not want any exonerations granted, we want the IGV applied to everyone. That is our goal with the IGV. We managed to make inroads in applying it to the entire agricultural sector, but unfortunately, we could not do so with the production of potatoes and lettuce, and thus, we were unable to complete this scheme by April 1992.

However, that is our goal: Tax revenues and assets. The same applies to active revenue [renta activa]: We should levy taxes on them and grant no exonerations. The previous government turned exonerations into a sport; it granted and sold exonerations, and so on. Thus, we should grant no exonerations and ensure that a tax on revenue is indeed that, because in the past people earning $11,000 per month paid only a 10 or 15 percent tax rate.

We are moving in that direction although this will not proceed as smoothly as we would like. Recall that in 1991 we held many discussions in Congress where we planned to advance 10 steps and moved two or three steps, but that was the rule of the game. We have a clear vision on tax reform. We must have those four taxes and start eliminating or simply consolidating others into these larger taxes. That is our goal; that is the norm. We are moving in that direction. I think it is clear all our actions show we are committed to this.

As for the Andean Pact, being a member definitely has costs and benefits. In my opinion there are two main principles that should help us determine whether we should participate in an integration scheme. The idea is not to join a bloc because it is trendy to join small blocs. I would welcome a bloc or sub-bloc if it helped us further integrate with the world. It makes no sense for five poor countries to integrate to establish a single tariff and isolate themselves from the world. I think it would not be advisable for us to join a bloc that would change our economic policy and make us establish subsidies to enable us to compete with Venezuela or prompt us to establish protectionist measures.

In other words, we must assess the costs and benefits of the integration process to determine whether we will remain in the Pact, how we will we do so, and under what circumstances.

[Vargas] Pardon me for interrupting Mr. Minister but had that assessment not taken place already?

[Bolona] Yes, there was an assessment, but we must now determine what our position will be in order to take action. We must maintain the two principles I mentioned. First, we should integrate with the world, and second, we should not change or have to adjust our economic policy to place it at the same level of economies that are still used to subsidies.

As for public rates, tax is one thing and price another. For example, Petroperu maintains prices that are lower than international prices for products such as kerosene, which is a liquefied petroleum gas. Its prices are lower than international ones.

[Vargas] What about gasoline, Mr. Minister?

[Bolona] The price of gasoline is slightly below international prices. Petroperu's price is one thing and the tax is another. Keep this in mind. What is happening? For example, in Singapore and Hong Kong a gallon of gasoline costs $4 and most of it accounts for taxes. For consumers this is a product for final consumption and does not affect competitiveness, but if competitiveness for a number of products were affected, the taxes affecting competitiveness would be eliminated. This seems to be a drawback or a fiscal problem. However, we are facing problems because Petroperu still maintains low prices or prices lower than those on the international market.

As for other public rates we agree completely that not only the profitability of a company that is totally inefficient or [word indistinct] should be looked at, but also a number of macroeconomic variables, and that this should not be left in the hands of a, quote, autonomous, unquote, commission, which is solely focusing on by how much salaries increase in a company.

The gross national product, GNP, is a topic that has been debated for long months in an attempt to convince the Congress and other officials that after a hyperinflation period, the GNP... [changes thought] Do not forget that inflation moves a lot faster than devaluation. This is normal in any hyperinflationary process. Thus, the devaluation will rise to 4,000 percent if inflation has soared to 7,000 percent. The dollar value of the GNP can be duplicated or triplicated when you figure out the GNP a year or months later, actualize it with inflation, and exchange it for dollars. For example, Bolivia ended up with a $4,000 or $5,000 per capita income after its hyperinflation. This is a normal hyperinflationary phenomenon and occurs simply because inflation moves faster than devaluation.

The 60 billion soles—soles not dollars—is a result of the hyperinflation. To convert these soles into dollars would oblige us to make new adjustments on the side to have a more accurate dollar GNP. Hyperinflation generates distortion in this type of exchange.

To conclude, apart from discussing the nine or 10 percent tax contribution, it is important that we be aware

that we have 5.8 billion soles in revenues but they do not cover our approximately expenses of 6 billion soles.

[Vargas] Thank you. To end the program, we present Rafael Quevedo Flores, who represents the business sector of La Libertad. This sector includes the La Libertad Chamber of Commmerce and Production, the guild that organized this forum on dialogue, economic development, and constitutionality, which has been quite outstanding. We extend our appreciation to Winston Barber, the president of the La Libertad Chamber of Commerce; Eduardo Cuba, the vice president of the guild; and all its members for the necessary facilities to conduct this program. Rafael Quevedo will now ask his question.

[Quevedo] Good morning, Mr. Minister and panel members. It is a pleasure to share this meeting with you and the other panel members. As businessmen we are caught in the middle of the storm. We have to work with all the rules of the game and confront all the economic variables in the country. We agree that the economic policy is aimed at our international reintegration and free trade on the medium and long-term basis. As businessmen we are aware of this and agree with this position. We are planning to reintegrate our firms in this surge of world competition on a medium and long-term basis.

Unfortunately, we find that the initiation process is being slowed by factors such as the interest rates and tax pressures, which some sectors cannot absorb. These factors generate more recession because they have to be included in the cost of products and, regrettably, Peruvians cannot afford them.

My concrete question is: How is the government planning to overcome these issues, which we feel are acting as a brake on our medium and long-term development programs? If nothing is done, the program that is to take us to a new model of modern enterprise with leading technology, which can compete in the domestic and foreign market, will be jeopardized.

[Vargas] Thank you, Quevedo. Minister Carlos Bolona will now answer your question.

[Bolona] The government will work to reduce the costs that may be generated by firms in the coming weeks and months. With regard to tax pressures, we will eliminate several contributions and small taxes as they only increase labor and other costs and do not report more revenues. We will surely advance a great deal in this area. We can also takes steps to correct inflexible positions with regard to labor. We have to make great strides in this field.

Yes, we have to solve the interest rate problem and to do this we need to reform our financial system. We have to clean up the financial system and resolve the situation of institutions that are definitely bankrupt. It is preferable to liquidate them and get rid of them so we can have a much healthier financial system. This is what we have been doing with the development banks. Bolivia did not take this action and had very high interest rates for five or six years. The interest rates had been established by the most inefficient institutions and the rest of the organizations had to follow suit. This occurred in Bolivia and we would not like it to happen in Peru.

There are factors that prompt high interest rates, high spreads [preceding word in English], or high margins. For example, the selective consumption tax on the active operations of financial institutions could increase interest rates by three points. This tax yields important fiscal revenues but it distorts the economy so much that it is preferable to eliminate this tax and only use the IGV and other taxes that do not have such an impact on economic activity.

The Central Bank's activities with regard to reserves and banking cash reserves have to be studied. They too generate costs in financial institutions. The institutions themselves will have to adjust and will have to have more provisions and capital. We have considered a system of bonds to purchase portfolios with ensured profits for a given period of time. This will, in some way, improve and compel banks to have more capital and will also improve the position of several financial institutions. This formula is being studied to see how it can be managed. Our actions with regard to interest rates has to be very decided and strong. As we have seen in the past months, interest rates will not decrease on their own.

The type of exchange is another factor to be considered. It cannot be established solely to satisfy the requests made by several economic agents who say: I need this exchange rate to export and to cover all my inefficiencies. We cannot establish an exchange rate simply because a businessman got too deep into debt and has to pay a lot of interest. No, we have to establish a type of exchange that will allow new firms to operate profitably. So, what we want is to attain parity but within a certain amount of logic. Some people believed we could maintain the April and May situation throughout the year with a 3 percent inflation rate. This is not feasible. However, we do want to attain parity. Thus, we have to work on this formula. We have to study the numerator and denominator of the exchange rate as this is what causes inflation. In this respect we have to work jointly with firms. We are not the owners of truth so it is important that we maintain a constant dialogue with firms that understand and know their over cost and operations. [passage omitted]

Car Bomb Explodes, Injures 7 in El Callao

PA2007202692 Hamburg DPA in Spanish 1943 GMT 20 Jul 92

[Text] Lima, 20 Jul (DPA)—Seven persons were injured on 20 July in the Peruvian port of El Callao, near Lima, when a car bomb exploded, presumably activated by the communist group "Shining Path."

Although the cause for the car bomb remains unknown, it was set off on the crowded Republic of Panama

Avenue minutes after alleged members of a seditious group set fire to a textile factory.

It was also reported that Shining Path guerrillas dynamited several bank branches in Lima and El Callao on 20 July. The explosions apparently caused only minor damage.

The 20 July car bomb is the Shining Path's 13th this year. Previous car bombs have left 33 dead and more than 270 injured.

Shining Path, the most lethal subversive group in Latin America, is preparing an "armed strike" for 22 and 23 July. It has "announced" the event through pamphlets and signs painted on walls, particularly on the outskirts of the city.

Further on Attacks

PA2107043092 Lima Global de Television Network in Spanish 0100 GMT 21 Jul 92

[Text] A series of terrorist attacks occurred in Lima and El Callao. On the morning of 20 July, terrorists detonated several explosive charges at three Coma Bank branches at the 14th kilometer marker along Tupac Amaru Avenue. The attacks caused considerable damage. In El Callao a car bomb loaded with anfo [ammonium nitrate fuel-oil]—a deadly explosive substance—set to explode in the path of a bus transporting Navy personnel did not detonate, thus neutralizing what could have been another disaster. A similar incident occurred with another car bomb in San Luis District.

The subversives attempted to leave their mark of death and destruction in El Callao. Fortunately their attempt failed. They filled a Toyota van with 150 kg of anfo and 1 kg of dynamite in an attempt to kill over 100 sailors waiting for their bus at Republic of Panama and Giron Cuzco Avenues in Santa Marina Sur.

[Begin unidentified driver] How am I going to pay the bank for the loan to buy my van? [end recording]

One of the alleged terrorists was injured in the attack, which took place in front of a school in a residential area. He was rushed to the San Juan De Dios Hospital in El Callao. Police officers said it was a miracle the anfo did not ignite. Only the dynamite exploded. There was 100 kg [number as heard] of explosives, which is enough to cause serious personal and material damage. Some witnesses said two terrorists sped into the new Tepsa bus terminal at 14-10 La Victoria Highway in a passenger van with registration plate OG9500. It was 1730. The terrorists left the van and departed in the direction of the fleet of buses and the company offices. As the subversives climbed aboard a red vehicle in which a woman waited, the charge went off, destroying the van and causing panic among the guards and workers, who did little or nothing to prevent the attack.

Election Board Leader's Home Reportedly Attacked

PA2107014092 Lima Global de Television Network in Spanish 0100 GMT 21 Jul 92

[Text] We have a last minute report. A few minutes ago, subversives attacked the Miraflores home of Cesar Polack, president of the National Election Board. The subversives used high caliber weapons and fired a rocket at the home of the president of the supreme electoral board. As a result of this attack, four persons were injured.

Report Denied; Institute Attacked

PA2107021292 Lima Global de Television Network in Spanish 0100 GMT 21 Jul 92

[Text] A few minutes ago it was reported that there had been a terrorist attack against the home of Cesar Polack, president of the National Election Board. The report was denied after it was confirmed that the attack was staged against the Liberty and Democracy Institute. Several people were injured.

ILD President on Attack

PA2107131692 Lima Panamericana Television Network in Spanish 1200 GMT 21 Jul 92

[Text] We have to begin with a report on the attack by the irrational hordes, the murderous beasts of the Shining Path, who attacked the main headquarters of the Liberty and Democracy Institute [Instituto Libertad y Democracia—ILD] with a car bomb. The explosion left a tragic toll of three dead, several injured, many of them seriously, and large-scale property damage. Hernando de Soto, former presidential adviser, ILD president, and proponent of a formula for the return to democracy, expressed his most vigorous condemnation of this treacherous attack. He said only unity of Peruvians in support of an authentic representative democracy will make it possible to defeat subversion.

As a consequence of this new act of bloodshed, a cyclist who was passing through Reducto Park was killed by the blast. In addition, three people who were passing nearby received cuts and bruises. One person was shot in the right foot. One of the guards is among the injured. Those injured in the attack on the ILD were taken to Casimiro Ulloa Hospital.

The terrorist attack began with machine-gun fire, to which the guards responded. Amid the shooting, the subversives pushed forward a van with some 300 kg of dynamite and other explosives. The vehicle exploded at the ILD guard booth. It sent the body of a guard flying and completely destroyed the facade of the building, located at 8th Street and Benavides Avenue, half a kilometer from the site of the 16 July attack. Adjacent homes and buildings were also damaged. The fire brigade medical unit treated three of the injured.

This is the second car-bomb attack on the institute that is headed by Hernando de Soto.

[Begin De Soto recording] I believe the important thing, apart from deploring the loss of human life, is to realize at this time that both bomb attacks on us have taken place as we have been trying to find peaceful, democratic ways to incorporate the coca-growing peasants into our society within a democratic system. As you will recall, that was one of the first premises of our program.

Note that at this time, we have made specific proposals—which we are about to publicize—for a democratic constituent assembly in which all Peruvians are present and can be represented. That is the best response to terrorism: democracy, in which we can all feel that we are represented by our state.

Obviously, I greatly deplore the bomb attack, but perhaps it can serve in some way as a message to Peruvians that the first thing we must do is return to democracy, create a democracy that leaves no form of sustenance, no excuse for terrorism, because it would be a strong democracy in which violence would be useless, since everyone would be represented. The moment we realize this, we will have defeated terrorism. [end recording]

Venezuela

Perez Calls Request 'Constitutional Obligation'

PA1707195692 Caracas Venezolana de Television Network in Spanish 1600 GMT 17 Jul 92

[Text] While installing the Democratic Action [AD] National Political Committee, President Carlos Andres Perez told reporters he knew the Venezuelan Senate would not authorize his request for permission to participate in the Ibero-American Summit. He explained, however, that he had fulfilled his constitutional obligation to request that permission.

[Begin recording] [Perez] When I submitted my request, I included a letter explaining that I was making the request to meet my constitutional obligation, despite the fact that I knew I would be denied.

[Reporter] Are you going to obey Congress' decision?

[Perez] For heaven's sake, you do not even need to ask that.

[Reporter] Mr. President, do you think you could be strongly criticized by this AD national committee?

[Perez] I have come here with the same spirit as always: to speak frankly about all kind of problems. [end recording]

AD Supports Perez, Political Alliances

PA1807155292 Caracas Venezolana de Television Network in Spanish 0000 GMT 18 Jul 92

[Report by Cecilia Pachano]

[Text] The Democratic Action [AD] party's National Political Committee expressed its full support for Carlos Andres Perez to complete his full constitutional term as president. Members of the White Party also expressed their support for the work of Humberto Celli, Luis Alfaro Ucero, and Lewis Perez at the party's helm.

[Begin recording, Luis Emilio Rondon, AD assistant secretary general] The National Political Committee agreed to express its most decided support for the democratic system as the most appropriate for Venezuelan society and to back companero Carlos Andres Perez in office until the end of his constitutional term, in accordance to the 1961 Constitution. We decidedly oppose attempts by political forces to curtail the presidential term through motions presented at the National Congress. [end recording]

The National Political Committee also agreed to step up the party's decentralization process by allowing AD regional groups to choose the candidates and alliances to be formed for the election of mayors, councilmen, and governors. According to the AD spokesman, the States of Aragua, Carabobo, and Bolivar offer the greatest possibilities for alliances. AD Party President Humberto Celli said reports and prospects are very favorable.

[Begin recording] [Pachano] What is AD's current political outlook?

[Celli] It is very positive for the AD at the governor and principal mayoral post levels because the party is number one in popularity practically everywhere in the country. In some states, where governors have campaigned heavily, others are slightly ahead of possible AD candidates. But we will win in these states, too. [end recording]

National Secretary for Organization Lewis Perez will issue the AD National Political Commission's statement to the Executive Committee on 20 July.

* 'Causa R' Leader on Politics, Coup Attempt

92SM0484A Caracas EL DIARIO DE CARACAS in Spanish 19 Jun 92 p 56

[Interview with Bolivar State Governor Andres Velasquez by Felipe Saldivia; place and date not given]

[Text] They have accused him of leading an easy life and being wasteful. "The lie" came from the party that he now considers a corporation, a house of thieves. He would rescue Matos Azocar from it, "with delight." The ex-SIDOR [Orinoco Iron and Steelworks] employee is convinced that his turn has come, because it is up to him "even biologically."

According to the governor of the "land of the future," times are so changeable and filled with uncertainty that he cannot specify whether he will be a candidate for governor again or will run for the Presidency of the Republic. Be that as it may, he thinks that only Causa R

can save this country. Nothing else exists in this country, where those involved in the coup attempt could be considered "heroes." His neighbor, Sucre Figarella, "is not performing well, although one need not be mean, either."

[Saldivia] Leopoldo Sucre Figarella recently commented that you have had a fairly good administration and, generally speaking, were conducting it well. Many wonder whether there is a new friendship, or whether you and he ever became allied against the so-called mestizo clan in Bolivar State. What do you think of Sucre Figarella's management in the CVG [Venezuelan Corporation of Guayana]?

[Velasquez] There has been much talk about the relations between the CVG and the state government. I make a distinction: There is the CVG and the state government. This transcends whoever is heading them, Sucre Figarella or Andres Velasquez. At one time I announced that with me, the government would cease to be the CVG's back door, because that was what the government was. It had been merely a stopping place for state funds, to be distributed later for the purposes and in the interests of each individual, with the government not even proposing or ordering specific investments. As it is now, the government is beginning to regain excellence as an institution, as an executive branch, and to run the state and hold debates with all agencies, not just with the CVG. When I arrived, the CVG was there, with all the macro-power that it has. This is a fact that I cannot conceal. An interinstitutional relationship must necessarily occur, and that is what has been taking place. And I would say that it is being done very well, because we have managed to integrate the heads of the different CVG departments with the government leaders in order to coordinate activities. That is what has been happening. I do not consider that bad.

[Saldivia] Apart from that, do you believe that Leopoldo Sucre Figarella is running a good administration in the CVG?

[Velasquez] The Guayana region is usually depicted and presented as the zone of the country's major development and future. If, in the light of this and of the large investment that has been made in Guayana, there are high infant mortality rates due to diarrhea, 60 percent of the districts without water, a shortage of 50,000 dwellings, and useless transportation, and the companies themselves have had an unsuitable management, one can draw a conclusion regarding what is occurring there. Either the management is useless, or the development model being implemented there is not aimed at solving inherent problems sufficiently to warrant calling it a zone of development, with a future. We do admit, because I cannot be mean or so petty, that a great effort has been expended there and that Sucre has, to some extent, been associated with what has been constructed there. But I would not claim that the administration should be described as good on that account.

[Saldivia] But many in your executive entourage come from the CVG.

[Velasquez] I have some people from the CVG. Not everything there is bad. The problem is the heads of the companies. When making an assessment of the iron and steel industry management, for example, one begins to find the bad features in it.

[Saldivia] It has been indicated that you knew about the attempted coup d'etat and at one time had a connection with the Bolivarians. In any case, why do you think that you are being singled out in this way?

[Velaszquez] One of the reasons for my thinking that the military coup attempt of 4 February failed is that it had no link with a civilian sector associated with the masses, with the people. Without being pedantic, if I had been involved in it, I think that the story might been different because we would have brought all our force into action. The least that could be done by anyone involved in that, if he were governor of a state, is to have revolted in his state. That is not what occurred in my case. So, it is irresponsible when this kind of claim is made by those policemen, who seem more like pirates. Or, in any case, they are trying to say this deliberately, in an attempt to implicate people. Why are they doing this? I am beginning to appear in the political world with a credibility that the political class lacks nowadays and with an enormous popularity from the standpoint of my government administration. There is also a decision on the part of the Guayanese to support me again if I were to run again for the government. What is there on the political scene? A Caldera, who is the most popular one right now and who in my opinion does not represent change, nor does he possibly stand for what this country's future will be. A Democratic Action [AD] that is finished. A COPEI [Social Christian Party] led to the brink of disaster by Eduardo Fernandez. And there is nothing else on the political scene. What is left? Causa R. There has been some attempt to involve it in this type of affair, so as to discredit it in the eyes of the public and to prove that we are not democratic. No one swallows that story because, if we want to talk about proof of democracy in this country, throughout our struggle we have given sufficient proof to prevent people from ever swallowing the hook and believing that "these fellows are strange or are plotting." Besides, I do not believe that it is the Venezuelan people's opinion that anyone indicated as being involved in something of that kind should be considered a villain. The situation is such that those who made attempts or are implicated in this should be considered heroes, to put it more clearly.

[Saldivia] After a speculative resignation by President Perez, do you think that you are the only option now? Do all those who said no in the referendum want you?

[Velasquez] I do not know. I cannot claim that they want Andres Velasquez. What I would say is that, in the country's present political situation, we would be a valid option. Furthermore, we could save this country. I do

not believe that there are other political organizations or political proposals that could save it. With the proposal that we have, the government of the workers, and radical democracy, with experiments that have been impossible to conduct thoroughly in Bolivar for lack of real power but that we would attempt with truly great power, we could teach great lessons on how it is possible to govern in the country. Who is left, even from a biological standpoint? Suddenly there is a little old man there who is a possibility, to be kept in reserve. But then, suddenly, he dies the day after tomorrow.

[Saldivia] Who is that?

[Velasquez] No, no. I am just saying it in passing, speaking of people who think that I could do it.

[Box, p 56]

The AD Members and the Weights

His hotels in Caracas are La Floresta or the Beethoven. In Bello Monte: three stars at the most. He still wears no tie and continues to hold public meetings. There is one every two weeks at SIDOR"s third entrance. He waits for the workers there. And among his guarantees, he has an educational program that has brought a library to every classroom in 50 schools, out of the 300 subordinate to the Bolivar Government. "And the first task of the youngster when he arrives at school is to eat." That is the case in all 300 schools. But it occurred to Andres Velasquez to purchase a set of weights for the government.

[Saldivia] I read to you, governor, from EL CORREO DEL ORINOCO of 3 June: "The governor has been leading an easy life and is a very wasteful administrator. The ex-governor of Bolivar State and leader of Democratic Action, Pedro Battistini Castro, brought to this newspaper's editorial office documents stamped with the signature of Governor Andres Velasquez authorizing payment. In them, the regional executive appears to be purchasing a sauna, a "body tonic" rowing machine, an automatic treadmill and jogging machine, weights, and other training exercise equipment ordered for the residence." Another gentleman, named Guillermo Tovar, claims that, "The Legislative Assembly is investigating the purchase of a gymnasium, an art gallery, and 12 vehicles for the governor's residence." Is all this untrue?

[Velasquez] It is a lie. It is part of the little campaign that I exposed a week and a half ago, connected with the state of violence that has been occurring in Guayana in recent days. That claim about the art gallery is completely false. We suddenly acquired a few paintings for the government office. The claim about the 12 vehicles is totally false. Besides, I have dispensed with the governor's office vehicles. As for the gymnasium and the sauna, a set of weights and a jogging machine were purchased for the government. Based on that, they have attempted to imply that I bought a gymnasium. That is a nonsensical remark made by two persons who have no ethics or anything. The official residence, for which they say I purchased a gymnasium, was left poorly furnished. I was preceded by Luis Felipe Gouvar and Omar Gonzalez Moreno, who were the two most reprehensible ones. They are the ones about whom the worst accusations have been made. Before I arrived, there was a kind of thievery occurring at that residence. Tableware, mattresses on beds, and towels were stolen. I arrived and even had to purchase a television set.... They had even taken half a package of rice and another of sugar. They are thieves, man. In the room where the service staff works and some policeman stand guard, they did not even have bunk mattresses for them. All right, I bought a jogging machine and a couple of weights....

[Saldivia] For yourself?

[Velasquez] For when I had time. They do not belong to Andres Velasquez; they belong to something called Regional Assets. I am not taking anything for the house. They claimed that I closed a radio station, and they harassed my wife and children in the Legislative Assembly. Now they have announced that they will disapprove my report and accounts before they come up for debate. The fate of that party in the future will hinge on its changing its name. It has caused the country so much harm that very few people will want it in the future. That is not Romulo's party; it is a corporation. It is the special vehicle for influence peddling and becoming rich in this country. And the worst of it is that it has no replacements, because those supposedly new leaders are equally tricky, maneuvering, and demagogic. Or is someone going to mention Fermin to me, or the one they call "little pig." What is the man's name? Hector Alonso. And the other, and the other. There could not be more demagogues than these. That party is doomed. Alfaro Ucero, who is the one leading that campaign against me, and Morales Bello: That is the leadership, the conspicuous ones in that party. Alfaro Ucero! A calculating, maneuvering type, who goes about looking for where he can set up a business or make a deal, seeking a way to defeat those opposed to him by trickery. That party is doomed. It is the AD's fate to disappear.

[Saldivia] Would you rescue Matos Azocar?

[Velasquez] Would that he would join us! Of course, we would be delighted. In fact, we have already participated together in the referendum, and very well.

• Congress Begins Debate on Crisis

92SM0487B Caracas EL DIARIO DE CARACAS in Spanish 18 Jun 92 p 27

[Article by Maria Isabel Parraga B.]

[Text] Following the congressional debate of 4 February, Congress returned to its usual agenda. In its meetings, the committee responsible for studying the constitutional reform proposal barely made brief allusions to what was happening outside the walls of Congress, without taking into account "the compromises" ["los

cuadres"] to change certain articles of the Constitution without greatly disturbing the interests of the parties' hierarchies.

More than four months have gone by since those speeches made in moments of fear. The moments have passed, and the theme has come up again in Congress under the title "Debate on the Crisis in the Country," a title as abstract as the speeches given by each of the orators.

Luis Raul Matos Azocar, standard bearer for the Dissident Movement or Movi-Di, opened fire with the only concrete proposals of the entire morning.

In a speech that appeared not to greatly disturb his former traveling companions, nor the Social Christians, Matos proposed the inclusion of the revocatory referendum in the constitutional reform, "so that it is the people who decide whether the president or the Congress continue or not."

The former Democratic Action congressman also proposed the formation in Congress of a council of convergence to fill the political vacuum and to be responsible for presenting alternatives to resolve the crisis, including the selection of a possible replacement for the president of the Republic in the event of his resignation.

Matos also spoke of the need to declare the country in a state of economic and social emergency to avoid fiscal collapse, halt speculation, and improve public services.

He said that "for me, the most worrisome part of daily life is to have the subject of a coup as normal, everyday conversation. We must speak differently. We must speak with conviction of making a change in our politics."

The congressman, now an independent, attacked the meeting held by Eduardo Fernandez and the leadership of Pro Venezuela, Fedecamera [Venezuelan Federation of Associations and Chambers of Commerce and Industry] and Consecomercio [National Council of Commerce and Services] on Tuesday, 16 June. "I can say here that, after the meeting, they left with fear on their faces to attend mass. I ask myself, how will the people feel if those men left with such expressions." In statements made after his speech, he was more specific on the subject, saying that he would exclude from any national agreement the people who attended the meeting "because they have contributed to the deterioration of the economy."

In a phrase that called to mind something once said by Eduardo Fernandez, Matos Azocar remarked that, "we must play fair." He said, "either Congress must enact this fair play or we must look to the Church."

Iturbe Versus the Businessmen

Social Christian Congressman Jose Rodriguez Iturbe interpreted the generic title "Debate on the Crisis" as a good opportunity to aim his cannons at those to whom it had occurred to formulate a solution without the political parties.

According to Rodriguez Iturbe, "it is obvious that the political crisis requires political actors." He said that when the roles are switched, the health of the Republic suffers and therefore, "a businessman playing at politics becomes a playboy."

He stressed the need to lay down ethical foundations in order to emerge from the crisis and said that the pyramidal structure of salaries is an affront to the dignity of the nation.

The congressman for COPEI [Social Christian Party] claimed that those who advocated the elimination of the parties were plutocratic front men.

He also said that he believed he was interpreting the sense of all the congressmen when he said that they were all willing to give up power, "on the condition that those gentlemen give up their money to the neediest."

Applause from the AD [Democratic Action] and COPEI benches.

Moleiro Versus CAP

MAS [Movement Toward Socialism] Congressman Moises Moleiro was the third to exercise the right of speech. His targets were the president of the Republic, Democratic Action, COPEI, and Minister of Interior Luis Pinerua Ordaz.

The MAS congressman began by quoting Gallegos that "everything returns to its source," in referring to the pact between AD and COPEI. He said that both parties had lost thereby. In obvious reference to Matos Azocar and Cristobal Hernandez, he said that "AD lost its most important congressmen, and COPEI lost its Christianity and embraced the neoliberal demon".

Moleiro emphasized the need for Carlos Andres Perez's departure. "It is dangerous for that man to continue on, saying what he says and doing what he does," he charged.

He also aimed at the interior minister, saying, "What worries me is that Pinerua thinks he is a pocket Romulo Betancourt."

The MAS congressman concluded by saying that one epoch was ending in Venezuela and another was being born.

[Box, p 27]

Battleship For 'Playboys'

The debate on the national crisis turned into the rhetoric of "It Is Your Fault".

According to Luis Raul Matos Azocar, the crisis is centered around the person of Carlos Andres Perez, and therefore his departure is the solution.

Jose Rodriguez Iturbe took his turn with a speech described by the COPEI congressmen as "a battleship," perhaps not the Potemkin, because it would be too Soviet and pre-perestroika for a Social Christian, but in any case he lined up his cannons and took aim at the business sector. It was another paradox of "It Is Your Fault," because the previous evening the individuals he described as "playboys" appeared on television with none other than Eduardo Fernandez, who faced the camera with an expression on his face of "yes, I did it," but with the best of intentions. With a smile of "I won them over for my grand National Agreement," an idea that seems to be the opposite version of Little Orphan Annie, because now everyone wants to claim paternity.

The quotations in Latin and the cultural references, except of course for that common enemy of the political establishment, caused the AD and COPEI congressmen to "burst out" in applause, the same congressmen who altered their expressions when Moises Moleiro said that he quoted Romulo Gallegos because he feared that he was the only author that the AD members would recognize.

The MAS congressman spoke of the return to the 1960's and of how suspicious such gentlemen as Arturo Uslar Pietri had become.

In the same way, he said, even David Concepcion did not avoid suspicion.

"Concepcion criticized the government's agricultural policy, and he had the strange habit of trying to steal second base when he had a runner on first."

This last was too much for the AD and COPEI congressmen, who could not maintain their initial seriousness.

The stifled laughter continued when the MAS congressman said that the interior minister thought he was Romulo Betancourt and that he imitated him more each day. It became more difficult not to laugh when the AD congressmen heard that "the AD had sunk so low that in 10 or 15 years we can expect imitations of Pinerua".

After Moleiro, Aristobulo Isturiz spoke, but only two or three congressmen noticed. Most abandoned the Chamber. The Causa R congressman invoked the word people "56 times," but almost nobody heard him.

* Secret Presidential Security Group Described

92SM0485B Caracas EL DIARIO DE CARACAS in Spanish 14 Jun 92 p 27

[Article by Francisco Olivares]

[Text] Very well-qualified spokesmen, among them Teodoro Petkoff, Arturo Uslar Pietri, and Jose Vicente Rangel, have come forth denouncing the presence of foreign mercenaries brought to Venezuela to look after President Perez's security. The accusations have focused on the Somosagua ranch, the property of Martin Gutierrez located in Falcon State, as one of the centers of operations. Information obtained by EL DIARIO DE CARACAS from intelligence sources indicates that at the Somosagua ranch, which figures in the records as Framar Farm and Ranch, there is certainly a training center for commando operations and personal security, directed by Martin Gutierrez. Involved in those operations are former head of Miraflores Security Orlando Garcia and Rogelio Ugarte Bresslau, who have also provided security services to the President of the Republic and to Venezuela Central Bank President Pedro Tinoco.

The First Reports

At the beginning of 1990, some inhabitants of the towns near the Somosagua ranch, located in Acosta District of Falcon State, complained to the district mayor about the presence of numerous armed men and strange movements of airplanes.

Because of the constant complaints, the mayor of the aforementioned region went to the head of the Somosagua ranch, and the latter presented himself in the company of two others.

The head of the ranch was in a state of inebriation, and for that reason a confrontation began with the mayor, who had him arrested.

Seeing what had happened, his companions returned to the ranch and reported the event, resulting in a group of some 20 armed men with M-16 rifles leaving the ranch on a truck, violently breaking into the town hall, and rescuing the ranch head.

Faced with that situation, the mayor requested assistance from the National Guard post, but there were only four troops, commanded by a lieutenant. Upon arriving at the ranch they observed that they were inferior in number and returned to request reinforcements.

A Raid on the Ranch

On 20 March the Somosagua ranch was raided. Participating in the operation were a National Guard patrol and the head of the Directorate of Military Intelligence for the region.

According to information provided by Deputy Teodoro Petkoff, an arsenal was captured during the raid, comprised of Uzi submachine guns, M-16 rifles, grenades, and revolvers.

There were some 34 men on the ranch dressed in military uniforms, plus other personnel, supposedly dedicated to ranch work.

The group of uniformed persons was comprised of former officials of security organizations, particularly Disip [Directorate for Security and Prevention Services], who for various reasons had been expelled from their respective organizations.

This group of persons was under the command of former Disip commander Julio Delgado Rangel, known as "El Quemao" [The Burnt One].

Thus the existence of a "penetration camp" on the ranch was confirmed. The camp consisted of an area provided with obstacles and various equipment for training in weapons handling, commando operations, and personal security.

Orlando Garcia Intervenes

After the raid on the Somosagua ranch, Martin Gutierrez himself presented himself to reclaim the captured arsenal.

To claim those items, he showed a license accrediting him as commissioned by the Presidency of the Republic and signed by Orlando Garcia. The captured weapons were immediately turned over to him. Before Martin Gutierrez's arrival, an order came from Miraflores, presumably from Orlando Garcia, requesting that all captured weapons be turned over to Martin Gutierrez.

Martin Gutierrez

Martin Gutierrez was vice president for security for the Latino group. His arrival at the financial group was owed to his inheritance of a block of Banco Latino stock.

Gutierrez had never been a Disip official, as some information given to the press had indicated. But certainly the Somosagua owner had studied criminology in Italy and Spain at the side of prominent Venezuelan police commanders, who had risen to the highest levels.

From vice president for security, Martin Gutierrez had succeeded in rising to other management positions within the financial group. Some versions indicate that his rise was owed in large part to his knowledge and management of a large volume of information that he succeeded in accumulating on the Latino group and other financial groups.

His connection with the so-called "presidential circle" began when he financially supported Carlos Andres Perez's 1988 presidential campaign.

The Three Connections

Martin Gutierrez was associated with Rogelio Ugarte Bresslau and Orlando Garcia through a service known as COC [Joint Operations Center], which had its headquarters on a farm located in Altamira. The purpose of the COC was to keep the Presidency of the Republic informed in matters of security. From that operations center, presumably, telephone tappings were carried out, and dirty war campaigns were organized. There, supposedly, Orlando Garcia, Ugarte Bresslau, the triple-licensed one, and Pastor Heydra, among others, had worked.

Later, after the accusations against Orlando Garcia with respect to the sale came to light, with respect to the sale of weapons to the Army, then against Bresslau with respect to drug trafficking, that center was dismantled.

Another element tying these people together is an import-export company registered in Miami.

The information on that company became known as a result of investigations carried out by security forces in the United States, of the company Celere, Inc., which is the property of Rogelio Ugarte Bresslau, when that company was associated with the seizure of a consignment of cocaine that occurred in Miami and whose destination was the aforementioned company. That seizure occurred in December 1984.

The investigations link Bresslau with a company kept in partnership with Martin Gutierrez and Orlando Garcia. Among the activities of the aforementioned firm were the importation of a cargo of alfalfa to Venezuela, which according to what Gutierrez claimed afterwards, arrived damaged in Venezuela, for which he was compensated by an insurance company in Florida.

The Mercenaries

With respect to the training activities, the investigations do not confirm that they do not involve foreign mercenaries found at the Somosagua ranch. The aforementioned penetration camp had been utilized for the training of the security personnel that Martin Gutierrez utilized.

There is not yet any firm evidence of the existence of foreign mercenaries, but there is the possibility that foreign advisers expert in that type of activity had been contracted for training purposes, such as had occurred in other Latin American countries, like Colombia.

* Douglas Bravo Discusses Tercer Camino

92SM0485A Caracas EL DIARIO DE CARACAS in Spanish 13 Jun 92 p 6

[Interview with former guerrilla Douglas Bravo by Edgar Lopez; place and date not given]

[Text] Douglas Bravo, the former guerrilla who four days ago was freed by the DIM [Directorate of Military Intelligence] after being accused of subversion, wants more than Carlos Andres Perez's resignation. Since the 1960's, he has been convinced that there is no place in the world where man can be totally free; however he does not renounce utopia. Now he is determined to create a "Peoples Patriotic Front" and, through the Tercer Camino, succeed in restoring the sovereignty of the people that, in his view, has been withheld since 12 October 1492 itself.

After 20 years as an outlaw, Bravo is proud of having been a subversive: "In this era of humanity, every dreamer is associated with subversion of the status quo. But it is not subversion by an individual, it is subversion by the multitude."

Now Bravo, again called to the carpet through the efforts of the country's intelligence forces, dusts off an almost forgotten speech, which is considered by some to be stale and outdated, that of imperialism and the emancipation of the oppressed.

From Heresy to Utopia

Known as Juan Andres, Martin, Delfin, and Pedro Manuel during his guerrilla years, today he is a 60-year-old man who believes that Venezuela is on the verge of witnessing a break with the established order.

Douglas Bravo, who instead of "I" always says "we," identifies two stages in the process of the 1960's revolutionaries who became isolated after the failure of their intentions.

"At the time, we spoke of national liberation, of the combined insurrection, because Latin America could not emancipate itself from the United States and be a Soviet colony. It had to have total emancipation."

In 1964, Bravo, as well as Teodoro Petkoff, Francisco Prada, Fabricio Ojeda, and Angel Marquez, among others, were expelled from the Communist Party because of their disputes with the church. "At that time we were something like heretics."

That first stage ended in 1975, when the dissidents recognized themselves as utopians. "We established the need for Latin America and the Caribbean to have their own way of thinking."

The new way of thinking that Bravo seeks will be nourished by "Indian-ness, blackness, liberation theology, and the region's ecological and cultural movements." "We have a collection of elements versed in Simon Rodriguez, Simon Bolivar, and Tupac Amaru, which we should pull together into a philosophical system.

[EL DIARIO DE CARACAS] Is there anything structured around that thesis and tied in with the country's current situation?

[Bravo] In every country in Latin America, that way of thinking, which is not called communism nor socialism nor democracy, has been written about and developed, and one day our indigenous peoples will give a more appropriate name to our realities.

[EL DIARIO DE CARACAS] Where are the people who will be able to promote a project of that kind? Do they have enough strength to ensure them of success?

[Bravo] They are all throughout Venezuela: intellectuals, students, barrio residents, active-duty and retired military men, even prisoners at Yare, workers, and the clergy. During times like the present, when Pinerua still intends to take us prisoner, one must be careful with names. [end Bravo]

Douglas Bravo believes that communism's failure at the international level, the dismembering of the Soviet Union, and the fall of the Berlin wall only mean the failure of a model of capitalism, not of socialism, which in his view had never been truly established. Nonetheless, he recognizes that the world has changed profoundly in every way.

During the 1960's, there was something of everything, and according to Bravo, that produced great defeat and great reflection. The French May, the Prague Spring, the Cultural Revolution in China, the guerrilla movement in Latin America, Black Power, the minority movement in the United States, the Beatles....

"It was a planetary uprising of poets and crazies. That obliged us to understand that the revolution could not reach along the beaten paths that had been traveled up to that time.

"We had to keep the momentum of the 1960's, with the ability to dream, to seek the impossible. We had to unburden ourselves of all the dominant ideologies: Marxism, Social Democracy, Christian Democracy, Neoliberalism, all of them, because we are currently proposing to forge a new concept of life.

A Dream Called Tercer Camino

The Tercer Camino political project originated with the Revolutionary Party of Venezuela and Ruptura, both of them leftist organizations always just at the margin of the law. It was formally founded in Escuque in 1989.

Tercer Camino, according to Douglas Bravo, has been carrying out grass-roots work in the cultural sphere: "We maintain that Latin America has been governed culturally, technologically, scientifically, politically, and militarily by Western Civilization since 12 October [1492]. Hence we have to produce a break with the West, because we are something else."

The origin of the name of this political project is simple, according to Douglas Bravo's explanation. There have always been two political models that have failed in terms of making man free. "We must travel a third road, and we have been able to show that in Argentina, Peru, Central America, and the Caribbean, cultural and political currents of great strength have emerged, independent of the political parties. Thus, the whole world was surprised on 27 February; nobody believed that something like that would happen. Nobody believes that Latin America will soon emancipate itself from all Western civilization."

[EL DIARIO DE CARACAS] How will that be possible in the era of neoliberalism?

[Bravo] That neoliberalism has been defeated in Argentina, Brazil, Peru, Colombia, and Venezuela. It has not completely collapsed, but its historic cycle has been defeated. In Latin America, there has always been a pendulum policy: military dictatorship and democratic

parties. That dichotomy does not correspond to the current moment. [end Bravo]

Wink of the Eye to the Bolivarians

Despite the fact that he admits he was "in hiding," Bravo strongly denies Disip's [Directorate of Intelligence and Prevention Services] accusations, which claim he was carrying weapons at the time of his arrest he was carrying weapons. He also denies what Pinerua said about an alleged attack on strategic points of the city. Douglas Bravo and Francisco Prada had anticipated a political turnaround by the entire country that would finally begin that Monday.

[EL DIARIO DE CARACAS] Is the Tercer Camino allied with the Bolivarian Movement?

[Bravo] I knew the 4F [attempted coup of 4 February] commanders the first time when I saw them on television. What occurred is that despite the fact that the majority of the people know no more than I do about Chavez or Arias, they have the same aspirations.

The people revoked Perez's mandate on 27 February, then on 4 February, then with the banging of the pots, and now recently with the latest popular proposals. The responsibility for the violence belongs to the government, which has made itself unconstitutional.

I have a great deal of sympathy for the 4F rebellion, and I am sure that other armed uprisings will occur. If Venezuelan society is now in crisis, one of its establishments, the military, is also now in crisis. The satires and communiques that, like during the final years of the Perezjimenist dictatorship, circulate continuously, demonstrate that the people are motivated by struggle. [end Bravo]

The telephone interrupts the conversation. Information coming from Miraflores indicates to Bravo that there is a crisis, that COPEI [the Social Christian Party] has left the government. A half block away a simulated referendum takes place, resulting in 88 percent of the population demanding the president of the Republic's resignation.

Bravo's Trial

Douglas Bravo was arrested by Disip the morning of 28 May and was accused of being linked to subversive activities and carrying battle weapons.

At the same time, another nine persons were arrested for the same charges.

From Disip, they were passed to the DIM and put under the charge of the military court presided over by Edalberto Contreras Correa.

A conflict of jurisdiction occurred between the civil and military courts.

The defense submitted a plea of habeas corpus before the XXXIX Penal Court, presided over by Felix Sucre, arguing illegitimate privation of freedom, which was denied by the judge, who stated that the arrests were at the orders of a military court.

On 9 June the defense submitted another plea of habeas corpus, this time before the military court, and that same day the trial took place. Bravo, Francisco Prada, and Carlos Reiter, who had been arrested, were set free.

On 12 June the Fifth Higher Penal Court Judge Lucia Rios granted the habeas corpus denied the first time, ruling that Disip had violated Articles 60 and 62 of the Constitution.